

**REVIEW DRAFT**

**AMERICAN SAMOA'S COMPREHENSIVE  
ECONOMIC DEVELOPMENT STRATEGY,  
2012**

**Prepared By  
Territorial Planning Commission  
and  
Department of Commerce  
American Samoa Government**

**August 6, 2012**

**This Report was Prepared under an Award from the US Department of  
Commerce  
Economic Development Administration**

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**This publication was prepared by the Department of Commerce of the American Samoa Government. The statements, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the Economic Development Administration.**

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## Acknowledgments

In the conduct of this process and the preparation of this document acknowledgments and appreciation are extended to the following individuals:

Lelei Peau, Acting Director, Department of Commerce, ASG

Toetasi Tuiteleleapaga, Governor's Legal Counsel, Governor's Office, ASG

Lasiandra Hall, Planner, Department of Commerce, ASG

Ma'u Alipate-Leha, Manager, Research/Statistics Division, Department of Commerce, ASG

Alex Zodiactal, Department of Commerce, ASG

## Abbreviations Used in this Document

ASCC	American Samoa Community College
ASDC	American Samoa Development Corporation
ASEAC	American Samoa Economic Advisory Commission
ASG	American Samoa Government
ASPA	American Samoa Power Authority
CEDS	Comprehensive Economic Development Strategy
DOC	American Samoa Department of Commerce
DOE	American Samoa Department of Education
DOI	US Department of the Interior
DPA	American Samoa Department of Port Administration
EDA	US Economic Development Administration
OEDP	Overall Economic Development Program
OIA	Office of Insular Affairs, US Department of the Interior
DMWR	American Samoa Department of Wildlife & Marine Resources
TPC	American Samoa Territorial Planning Commission

Abbreviations can be further developed at the end of the drafting. ARRA. SBDC. DHR, NEG, FEMA, ASVB,

American Samoa Territorial Planning Commission Members

*Note: [Additions needed. I don't know which ones fall into which category]*

*Rep Famaealelei Allen*

*Lealao Mel Purcell*

*Fa'ala'e Tunupopo*

*Aukuso Satia*

**TPC Membership \***

<b>Name:</b>	<b>Current Position:</b>	<b>Planning District (PD) or Category:</b>	<b>Phone:</b>
High Talking Chief Fiu J. Saelua (S,M)	Assistant Director of AS Department of Education	PD #6 – Leone	633-5237
		PD #2	
		PD #3 – Auto	
		PD #4 – Pago Pago	
Robin Annesley (S,F)	Publisher, Samoa News (newspaper)	PD #5 – Tafuna	633-5599
		PD #1 – Manu'a	
Steven Shalhout (S,M)	Owner, Steven & Sons (retail store)	Public/Business Interest	699-6121
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Minnie Tuia (S,F)	P&T Associates (consultants)	Public/Business Interest	

LEGEND: S-Samoan / F-Female / M-Male

\* TPC members are appointed by the Governor and confirmed by the legislature, per ASCA 10.0102. The following TPC members are not yet confirmed: XXXXX.

Territorial Planning Commission Members bring a great variety of skills and experience to the economic development process.



**AMERICAN SAMOA GOVERNMENT**

Pago Pago, American Samoa 96799

**TERRITORIAL PLANNING COMMISSION**

In reply refer to:  
**Serial No:** DOC-#

**Resolution of American Samoa's Territorial Planning Commission approving the 2012 Comprehensive Economic Development Strategy**

Whereas, The American Samoa Territorial Planning Commission is the duly constituted development planning agency, having been established by Public Law 15-64 in 1977; and

Whereas, The Territorial Planning Commission's specific responsibilities are to make, approve and change plans for the development of American Samoa and to apply for and receive grants from federal agencies and other resources; and

Whereas, The Territorial Planning Commission had previously approved earlier versions of American Samoa's Comprehensive Economic Development Strategy Year to become eligible for EDA assistance; and

Whereas, The Territorial Planning Commission has with the Department of Commerce prepared the 2012 American Samoa's Comprehensive Economic Development Strategy according to guidelines of the U.S. Economic Development Administration; Now, Therefore

Be it Resolved that The Territorial Planning Commission of American Samoa hereby formally approves and adopts this "American Samoa's Comprehensive Economic Development Strategy Year 2012" including the goals, projects, programs, priorities and policies specified therein.

Passed and approved this \_\_\_\_\_ day of October, 2012.

---

Fiu Johnny Saelua, Chairperson

## Minority Representation on CEDS Committee

**Date:** August 1, 2012  
**State:** Territory of American Samoa  
**Prepared By:** Planning Division, Department of Commerce  
**Approved By:** Lelei Peau, Acting Director, Department of Commerce

### 1. Minorities in Area/District (*American Samoa*):

	<b>Number</b>	<b>Percent</b>
Male	29,264	51
Female	28,027	49
Total Population	57,291	100
Samoan	50,545	88
Part-Samoan	1,991	4
Tongan	1,598	3
Asian (combined)	1,631	3
Other races	1,526	3
Total Population	57,291	100

*[Note: Data is from the 2000 Census. The 2010 Census revealed a population of 55,591, but the breakdown by gender and race was not yet available as this report was being written.]*

### 2. Executive Committee: (None)

### 3. CEDS Committee Members: (See Table 1 on previous page.)

### 4. CEDS Committee Summary:

Total Members: 9  
Minority Members: 9 (100 percent)

### 5. Method by which Minority Representatives were selected.

The members of the TPC (CEDS Committee) are chosen by the popularly-elected Governor according to the guidelines in Section 10.0102 of the American Samoa Code Annotated. Six of the members represent the overwhelmingly Samoan population of the territory's six planning districts. The other three members represent the private sector, which is also predominantly Samoan, as reflects the territory's population.

### 6. Plans and Time Schedule for making changes in minority representation.

Not applicable

*[Note: This form is for the purpose of providing data to determine compliance with EDA Directive 7.06 on minority representation on the CEDS Committees. The aspects of compliance are as follows:*

- A. *The percentage of minority representation on CEDS Committees must be at least as large as the minority population in the area. If there is an Executive Committee, its membership must reflect the ratio of the minority representation on the CEDS Committee.*
- B. *Minority representation should be selected by representatives of the leading minority groups or organizations of the area, meeting in a closed session.*

## Executive Summary

### Chapter 1 – CEDS Planning Organization and Background

**The CEDS Concept** - The CEDS concept was designed to help communities formulate economic development strategies. It includes economic analysis, development goals, economic opportunities and constraints, private sector participation, projects, programs and activities, action plans, performance measures and monitoring. The CEDS process is a valuable tool for local communities in designing and executing long-term economic development efforts. In addition the CEDS is necessary to qualify for US Economic Development Administration grants. It is an extremely opportune time for American Samoa to assess its economic programs for the future as it faces the most challenging economic conditions in its brief modern history.

**The CEDS Committee** - American Samoa's Territorial Planning Commission (TPC) serves as the Comprehensive Economic Development Strategy Committee for the territory. The TPC was established in 1977 under Public Law 15-64. The TPC consists of nine members, one from each of six planning districts in American Samoa and three from the business community. Primary staff support is provided by the Department of Commerce with occasional assistance from outside consultants. Additional and valuable staff support is also provided by other ASG agencies.

**Economic Conditions and Trends in American Samoa** - In the thirty years prior to 2007, the American Samoa economy virtually doubled in size. The two basic driving economic forces of that economic growth were then and remain today the cannery industry and government. Basic economic activity is that which results in new income to an area from such activities as exports, tourist expenditures, remittances or other external sources.

This was more than a period of sustained economic growth. It was a period during which American Samoa's economy matured into one that was capable of supporting a considerable industrial base with a greater range of consumer and business products and services than existed in the early 1970s.

This continued lack of economic diversity left American Samoa vulnerable to severe economic shocks to its economic base, the canneries and federal expenditures. There were concerns that American Samoa's cannery industry was vulnerable to rising US imports of canned tuna from other lower cost countries. American Samoa canneries were known to be examining lower cost processing areas at least for some segments of their canning process.

**American Samoa's Economy Turns Down in 2007** – First, in 2007 the US Congress applied the US minimum wage to American Samoa. This would virtually double American Samoa's minimum wage over an eight year period. Second, in 2009 it was announced that one of American Samoa's two canneries would be closed that year, taking down with it approximately 2000 jobs. This closure was attributed in considerable part, but not exclusively, to the rising minimum wage. In the same year, American Samoa suffered a very serious earthquake and resulting tsunami.

These minimum wage and cannery developments indicated that some form of serious economic scenario was imminent. Furthermore, this serious economic setback had no clear path to economic recovery, especially with the prospect of rampant wage inflation.

**American Samoa Faces the Specter of Economic Depression** - That American Samoa was headed for some form of the worst case economic scenario was soon confirmed. In 2011 the US Government Accountability Office (GAO) released its report on the performance of the American Samoa and CNMI economies after imposition of the US minimum wage in those two US territories.

GAO found that employment in American Samoa had declined from 19,171 in 2008 to 15,434 in 2009, a 3737 or 19 percent decline. However, that estimate did not count the 2000 cannery jobs lost in 2009. Including those cannery closure job losses, the employment loss in 2009 was closer to 5737, a 30 percent decline in a single year. More alarming was the fact that the rising minimum wage was having adverse employment effects on industries other than the canneries.

In addition, the 2010 US Census of population count for American Samoa (55,591) caused some alarm because it was below the 2000 count (57,291) and well below what had been estimated locally for 2009 (69,000). In addition, the 2010 US Census of population count of 55,591 for American Samoa was more consistent with the historical relationship between employment and population than the other population estimates. Employment has held at about 26 percent of population in American Samoa since at least 1975.

American Samoa's GDP began its slide in 2008 declining 2.0 percent that year and 4.7 percent in 2009. While GDP per capita continued to grow, it remained only about one-fifth of US per capita GDP.

**Infusion of Federal Funds Averts Economic Disaster** – Apparently, American Samoa was able to avert economic disaster at least temporarily. More recent employment estimates indicated that employment began to rebound in 2010 and 2011. This was achieved by American Samoa taking maximum advantage of US economic and disaster recovery programs. There were in fact massive and extraordinary federal expenditure increases in American Samoa in 2009 and 2010.

Between 2005 and 2008 federal expenditures in American Samoa averaged about \$250 million annually. However, federal expenditures in American Samoa rose from \$257 million in 2008 to \$381 million in 2009, an increase of 48.2 percent. In 2010 they rose to \$515 million an increase of 35.2 percent. These are enormous increases, virtually doubling federal expenditures in two years. In fact between 2005 and 2010 federal expenditures in American Samoa advanced at an annual average rate of 16 percent, double the rate of any other US territory and the US overall. In addition federal funding in American Samoa rose to 54 percent of GDP in 2009.

**Translating Federal Funding into Jobs** - Federal expenditure related jobs in American Samoa rose by 3987 between 2008 and 2010, or about 70 percent of the minimum wage and cannery closure job losses (5737) earlier referenced.

In fact ASG reported employment of 14,108 in 2009 and 19,285 in 2010 a gain of 5177 or 37 percent. This increase was only slightly lower than the losses earlier estimated by the GAO.

In general these job impact estimates must be regarded as temporary. The US Recovery programs themselves are by definition intended to be short term responses to what are regarded as short term problems (recessions and natural disasters).

New federal expenditures of this magnitude in American Samoa could hardly fail to compensate to an extent for the earlier job losses. That is the good news. The bad news is that this federal expenditure largess is going to end one way or another and probably sooner rather than later. Pressures to reduce federal spending are not going away any time soon. This means that without very aggressive and effective economic development efforts, job losses could resume in American Samoa in the next year or so.

**Economic Transition** - The 35 years prior to the recent economic down turn had been very important for American Samoa's economy. It was a period of steady and sustained development. During that period most of the elements of a modern economy were developed including industrial and consumer support industries, higher education, a modern legal system, public facilities and services and much else that characterizes modern economies. This growth period, based primarily on low wage, labor intensive industries and rising federal expenditures, may well be coming to a close. American Samoa must seek new higher productivity economic directions for the future.

This three to four decade period of steady economic growth is coming to an end for several reasons. First, American Samoa is finding it increasingly difficult to offer the tax incentives and relatively low wages that were available earlier in the period. Second, trends in world trade are reducing tariffs and non-tariff barriers to an extent that American Samoa's conditional duty free access to the US and exemptions from federal maritime laws are now much less advantageous than they were earlier. Third, federal expenditure levels are likely to remain a serious deterrent for a decade or more.

**Economic Future** - American Samoa, as the US, is losing jobs due in part to rising competitive conditions in larger, lower wage areas of the world that have benefited so greatly from the rise of free trade world-wide. World economic conditions are now as unstable as they have been in 70 years, but there is little consideration of any broad rollback in liberalized trade. If there were, it would likely be temporary.

The answer for American Samoa, as with the US, is to recognize that the economic future is not in trying to recapture old low productivity, low wage jobs. The economic future is in marshaling all of the community's development energy to build an economy that is capable of supporting the higher productivity industries and jobs of the future. In order to reduce the per capita production and income disparity with the US, American Samoa workers are going to require economic opportunities (business and jobs) that are more productive. It is generally recognized that this is achieved by improvements in the application of capital and in education and training. At the same time, it is important to retain existing industries as long as possible to provide for a less painful transition.

**American Samoa's Window of Opportunity** - Hence, it is the purpose of this CEDS to provide for the proper identification of future development opportunities and the removal or mitigation conditions which prevent full realization of those economic opportunities.

It is the primary purpose of this CEDS effort to improve upon these economic conditions for a more prosperous future for American Samoa. This CEDS work will involve the public and private sectors to help identify the best organization, plans, programs, policies and actions to improve the efficacy of American Samoa's future economic development efforts.

There is not a great deal of time. Things would be a great deal worse in American Samoa today but for the massive increase in federal expenditures made in American Samoa as a result of the disaster relief and US Recovery act since 2009. When those funds start drying up, American Samoa's downward employment spiral could resume with a vengeance due to the rising minimum wage and the cannery industry's precarious position (The Congress recently suspended the application of the annual minimum wage increments to American Samoa to 2015.).

## **Chapter 2 - Analysis of Economic Development Opportunities and Problems**

This Chapter is based upon the findings of previous studies and extensive interviews with public and private sector leaders in American Samoa.

The purpose was to identify the most promising economic opportunities and the most critical constraints to the full implementation of those development opportunities. In general, it is the role of the private sector to identify and pursue opportunities. It is the role of the public sector to facilitate development by making it convenient to invest in American Samoa or to mitigate or remove constraints that hinder the successful pursuit of investment opportunities.

It should be noted at the outset that the public and private sectors in general seem to disagree on the relative importance of the various identified constraints. This difference of view seems to be mainly about the importance of local government in the economic development process. The data seems to suggest that local government is not as influential in the development process as the federal government or such traditional location issues as transportation, labor, markets, industrial sites, utilities, tax structure, and community attitudes.

Yet, there are many reasons to take these concerns about local government seriously. At some level they can be prohibitive especially as modern production methods of goods and especially services give investors many more location options. In addition, given the economic difficulty American Samoa faces, a higher sense of common purpose and commitment could improve possibilities for success.

**Economic Development Opportunities** – These are defined by American Samoa's comparative advantage by focusing what it produces most economically. It also defines those competitive advantages that might be formulated in some combination to exploit some niche or specialty industry opportunities. Such advantages derive from its geographical characteristics, its US territorial status including federal grant support, federal tax exemptions, political stability, duty free access to the US, made in USA label, a relatively high standard of living, local immigration and customs control, marine transport law exemptions, and special minimum wage treatment.

**Fishing industry** - Assets include proximity to fishing grounds, physical and human infrastructure, harbor and port facilities, conditional duty free access to US, and special local and federal tax incentives.

**Visitor/tourism industry** - Assets include increasing cruise ship calls, regional transport connections, natural beauty, National Park and National Marine Sanctuary, Eco and cultural tourism, pristine Manu'a islands a robust Polynesian culture.

**Other industries** - After recognizing the critical role of these basic industries, American Samoa must decide what support or supply industry linkages make sense for these industries (packaging, sports fishing tours, etc.) Import substitution offers some opportunities especially in fisheries and agriculture. Then there is the most difficult matter of identifying other export industries in which American Samoa might compete. Governments or committees have attempted to come up with lists of such industries to little avail, although there has been merit in some suggestions over the years including fisheries and visitor industry expansion and diversification; agriculture, telecommunications, information technology, and selected areas of light manufacturing.

**Economic development constraints** – Obviously, the territory’s small size and remote location pose severe cost constraints on access to overseas markets and sources of supply. Despite the aforementioned federal economic development benefits, the federal government is also capable of inflicting great harm on American Samoa’s economic development.

**Federal constraints** - This was made abundantly clear when Congress imposed the US minimum wage on American Samoa. The US minimum wage level simply is grossly out of line for American Samoa’s economy. First, 75 percent of American Samoa’s workforce is subject to the minimum wage compared to less than 3 percent of the US workforce. This means that the US minimum wage would have to approach \$20 per hour to reach 75 percent of the US workforce. Furthermore, American Samoa’s economy is only one fifth as productive as the US economy on an output or income per capita basis.

This is the reason that the US minimum wage causes such serious unemployment in American Samoa compared with the US. The imposition of the US minimum wage rate on American Samoa is largely, although not exclusively, responsible for American Samoa’s present economic condition. This included the loss of one of its two canneries, the precarious position of the remaining cannery, the viability of other economic opportunities, and the dimming of prospects for economic recovery when federal spending eventually returns to more normal levels. Without a formal political status, Congress tends to modify American Samoa’s political status with ad hoc legislation. (See Appendix A for political status background.)

**General constraints** - In addition, there are other constraints involving labor force education and training, land availability and cost, commercial finance availability and cost, physical infrastructure and economic uncertainty and instability.

**Local government constraints** – This CEDS undertaking encountered much private sector comment on the effects of the American Samoa Government on economic development. This CEDS finding supports the findings of a recent US Department of the Interior study on business climate conditions in American Samoa. It regarded the prime areas for improvement of the business climate as transparency, business license practices, taxation and labor. It also examined business practices, infrastructure, the legal system, land and financial infrastructure. As the DOI report stated, there is certainly room for improvement. The truth is that American Samoa’s development effort would certainly benefit from a closer working relationship between the government and the business community as well as traditional leaders and community organizations. In addition there is a need to leave no stone unturned in strengthening American Samoa’s position in the increasingly difficult economic development process with rising global competition.

### **Chapter 3 - Goals and Objectives**

Chapters 1 and 2 have provided some basic background information on American Samoa's history, economic conditions and development issues. From this analysis, a vision statement has been forged. This vision statement expresses the TPC's best understanding of the economic state of affairs it and the people of American Samoa prefer for American Samoa in the future.

**Vision Statement** - American Samoa recognizes that the industries it has depended upon in the past may not be the industries of its future. The economic development task ahead will become more not less difficult. American Samoa's vision for the future is not fundamentally different from that of any other people. People want better lives for themselves and their posterity. This means rising economic opportunity, education levels and all of that which provides a rising general standard of living including improving nutrition and shelter, education, health care and various public services. Indeed it includes the very leisure time required to enjoy the fruits of one's labor that might include religion, recreation, family affairs and many other pursuits. All of these things depend upon a community's ability to generate sufficient income to provide for them. American Samoa has additional objectives that are related to its bond with the U.S., its own constitution and its distinctive culture.

#### **American Samoa's Development Goals**

1. Reduce the enormous gap between per capita incomes and GDP in the US and American Samoa.
2. Increase economic base diversity for increased stability and rising income opportunities.
3. Expand and upgrade American Samoa's education, training and health institutions.
4. Preserve and protect the environment for a continued high quality of life.
5. Build a US based political status that includes Western political and economic traditions, Samoan customs and language, and increasing political self-reliance and self-determination for American Samoa.

### **Chapter 4 - Community and Private Sector Participation**

The effort to engage the American Samoa community in the CEDS process began with the issuance of a press release in early May, 2012. The press release appeared in the local newspaper, on the radio and on television. The press release was successful, in that most people contacted for the CEDS research were familiar with the process.

In preparing the 2012 CEDS, approximately 30-35 in-depth interviews were held with government officials (both territorial and federal) and private sector leaders.

In addition to the individual interviews, consultations were held with the Governor's Financial Advisory Group, the Board of Directors of the American Samoa Chamber of Commerce and the co-chair of the Governor's 2008 Economic Advisory Council. Early in the process, a meeting was held with the TPC (CEDS Committee) to discuss approaches to the 2012 CEDS preparation.

An online survey was created to give members of the public the opportunity to provide input to the CEDS process. In addition, an email went out to the 80 members of the Chamber of Commerce and the 20 members of Business and Professional Women of American Samoa with an invitation to complete the questionnaire.

See Appendix B for a copy of the press release, the newspaper ad, the online survey, the packet that was given to the interviewees (including the seven questions asked of the vast majority of the interviewees), and a list of the interviewees.

## **Chapter 5: Strategic Projects, Programs and Activities**

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in in the same chapter.

In Appendix C for each action there is detailed explanatory information on the issue, the desired outcome, project cost, lead organization, other organizations, funding source, start year and project duration.

### **I. Business Expansion**

#### **1. Retain and Expand Tuna Industry Employment**

##### **Action Recommendations**

- a. Resolve US minimum wage issue
- b. Resolve US corporate tax credit incentive issue
- c. Locate suitable site for StarKist cold storage building
- d. Rebuild seawall to protect Tri-marine site
- e. Revive alia fleet (local fishing boats) for modern conditions
- f. Finance stretching of local longliners
- g. Develop or designate dock for longliners and alias
- h. Reclaim land on east side of harbor

#### **2. Promote Visitor Industry Growth**

##### **Action Recommendations**

- a. Improve ongoing tourism training
- b. Increase number of cruise ship calls
- c. Implement components of Tourism Plan
- d. Ease restrictions on short-term visitors from Samoa
- e. Rebuild Cable Car and make Mt Alava improvements
- f. Develop yacht moorings and conveniences
- g. Invest in 100-ton lift for shipyard
- h. Construct visitor center
- i. Develop marina

#### **3. Increase Viability of the eCommerce Sector**

##### **Action Recommendations**

- a. Bandwidth cost reduction or subsidy
- b. Form eCommerce Task Force to attract potential operators/investors
- c. Leverage opportunities provided by BLAST project

#### **4. Increase Viable Import Substitution Opportunities**

##### **Action Recommendations**

- a. Provide occasional equipment services to farmers (e.g., tillers, bobcat)

- b. Subsidize feed and fertilizer
- c. Assist Manu'a fishing coop
- d. Assist Manu'a farming coop
- e. Develop roads to agricultural lands
- f. Develop west side market for fishermen and farmers.
- g. Replace imported labor with local labor

## **5. Increase Access to Capital and Assist Start-ups**

### **Action Recommendations**

- a. Provide additional capital to Development Bank
- b. Develop incubator facility with commercial kitchen for fledgling enterprises

## **II. Business Constraints**

### **1. Federal Government**

#### **Action Recommendations**

- a. Resolve the US minimum wage issue in American Samoa
- b. Resolve US Corporate tax incentive policies toward American Samoa
- c. Seek formal American Samoa voice in US trade and other key policy areas
- d. Remove prohibition against foreign air carrier service between US and American Samoa
- e. Retain American Samoa Government control of immigration system
- f. Seek US political status goals and policy principles for American Samoa
- g. Seek a general federal policy for the territories
- h. Seek federal-territorial economic reforms through possible establishment of a formal political status for American Samoa
- i. Seek permanent political status for economic stability
- j. Seek avenues for modifying federal environmental laws and regulations applicable to American Samoa

### **2. Improve Territorial business climate (including capacity building).**

#### **Action Recommendations**

- a. Create an office dedicated exclusively to economic development
- b. Revise immigration law, policy and procedures to better accommodate business labor requirements
- c. Revise tax laws to reduce uncompetitive high tax rates
- d. Strengthen higher education to encourage technological advancement
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes
- f. Help businesses find suitable land to meet their requirements
- g. Revise incorporation laws to make them more convenient and flexible
- h. Revise business license law and procedures to ease burden on business
- i. Explore privatization of government functions/authorities
- j. Elevate Chamber of Commerce role as an economic development partner
- k. Consider reconstituting Governor's Economic Advisory Council
- l. Improve local health care facilities and services
- m. Improve education and job readiness
- n. Increase scholarship opportunities for high school students

### **III. Business Infrastructure**

#### **1. Fisheries Industry Infrastructure**

##### **Action Recommendations**

- a. Develop or designate a dock for longliners and alias
- b. Invest in seawall rebuilding to protect fish processing facilities
- c. Invest in cold storage facilities

#### **2. Visitor Industry Infrastructure**

##### **Action Recommendations**

- a. Rebuild cable car and make Mt. Alava improvements
- a. Develop yacht moorings and conveniences
- b. Invest in 100-ton lift for shipyard
- c. Construct visitors center
- d. Develop marina

#### **3. Improve internal and external transportation of people and goods**

- a. Implement high priority elements of the Airport Master Plan
- b. Implement air transport study recommendations (slated for 2013 completion)
- c. Maintain private aiga bus system

### **Chapter 6 - Plan of Action**

Chapter 6 demonstrates how the CEDS Plan of Action implements the goals and objectives. At the same time, it describes how the CEDS promotes economic development and opportunity in a manner that

1. Fosters effective transportation access
2. Enhances and protects the environment
3. Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy
4. Promotes the use of technology in economic development, including access to high-speed telecommunications
5. Balances resources through sound management of physical development
6. Obtains and utilizes adequate funds and other resources.

The CEDS also contain a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities. This is essentially accomplished as the CEDS does describe American Samoa's economic development priorities.

### **Chapter 7 - Performance Measures**

This chapter lists the performance measures that will be used to evaluate ASG's successful development and implementation of the CEDS including:

1. Number of jobs created after implementation of the CEDS
2. Number and types of investments undertaken in the region
3. Number of jobs retained in the region
4. Amount of private sector investment in the region after implementation of the CEDS
5. Changes in the economic environment of the region

As referenced in Chapter 1, American Samoa has much less solid economic information available to it than do the states and some other US territories. While there is data on employment, it is not as detailed as that available in the States, most of which the states are required to collect as a part of the Unemployment Insurance program that does not apply to American Samoa.

Employment data in the US is collected monthly; in American Samoa it is only collected annually. In addition, the US conducts monthly labor force surveys which produce information on unemployment. American Samoa does not have this capability.

However, this CEDS contains an action recommendation to work more closely with the US Department of Labor to provide better employment, unemployment and labor force information for American Samoa.

American Samoa has had success in working with the US Department of the Interior and the US Department of Commerce, Bureau of Economic Analysis in the preparation of Gross Domestic Product estimates for the territory. They are now available for 2002-2009. From this data base, American Samoa will add to the performance measure such per capita income and GDP measures.

## **Chapter 1: CEDS Planning Organization and Background**

### **The CEDS Concept**

The Comprehensive Economic Development Strategy (CEDS) process was established with the passage of the Economic Development Reform Act of 1998. In this act, the CEDS process is a requirement for EDA public works and economic adjustment grants.

The CEDS process is an opportunity for American Samoa to take a fresh look at its economic development goals and futures, economic opportunities and constraints, project priorities and costs, implementation plans and economic development organization conditions. In summary, the CEDS process and periodic up-dates represent a valuable tool for local communities in support of long-term economic development efforts.

This is a most opportune time for American Samoa to assess its economic future as it faces the most challenging economic conditions in its brief modern history.

**The CEDS Committee** - American Samoa's Territorial Planning Commission (TPC) serves as the Comprehensive Economic Development Strategy Committee for the territory. The TPC was established in 1977 under Public Law 15-64. The TPC consists of nine members, one from each of six planning districts in American Samoa and three from the business community. Because of the TPC's longstanding responsibility for EDA planning requirements, members are selected with EDA representation requirements in mind.

TPC members are appointed by the Governor and confirmed by the Senate. The TPC is responsible for planning and coordinating economic and business development activities in American Samoa. It is also responsible for reviewing and approving American Samoa's Comprehensive Economic Development Strategy.

American Samoa's TPC is statutorily responsible for approving the Territorial General Plan, within which the CEDS program functions. Other elements of the Territorial General Plan include education, social services, housing, utilities and services, transportation, communications, recreation, conservation and cultural services. This is particularly beneficial because, as will become clear in this document, an economic development strategy affects and is affected by all of these components of the Territorial General Plan and its sub-plans.

**Staff Support** - Primary staff support is provided by the Department of Commerce with occasional assistance from outside consultants. Additional and valuable staff support is also available from other ASG agencies. For example, the American Samoa Power Authority, the Port Administration, Public Works and other agencies often provide helpful staff support especially for projects for which they have special expertise or primary responsibility.

### **Historical Background**

American Samoa is one of five main insular areas (possessions or territories) of the United States. The other four are Puerto Rico, Guam, the US Virgin Islands, and the Commonwealth of the Northern Mariana Islands. There are other smaller often more remote insular areas. They are primarily wildlife refuges and are uninhabited, although a few in the Pacific host some military installations.

These areas of the US differ culturally, politically and economically from the average US state. Each has a distinct culture and a unique historical and legal relationship with the United States. However, many quite rightly regard themselves as much a part of the US as any state. In many respects it is only size, geography, or unusual political circumstances that have prevented them from becoming states.

The islands of American Samoa became part of the U.S. in 1900 and 1904. It is made up of seven islands with a total land area of 76 square miles. Located in the tropics, it is 14 degrees south of the equator and 160-173 degrees west longitude. This group of islands is some 2,300 miles southwest of Hawaii. Sydney, Australia is about 2,700 miles further to the southwest, while Auckland, New Zealand is only 1,600 miles southwest. American Samoa is the only United States territory south of the equator. It is the eastern part of a 290-mile long island chain, and shares the same heritage, traditions, and culture with Samoa (formerly Western Samoa), an independent nation.

Tutuila, American Samoa's largest island is the center of government and business. Its famous Pago Pago Harbor is one of the Pacific's deepest and most sheltered harbors. Tutuila has an estimated 90 percent of the 55,519 (2010) total population of American Samoa. The other islands include Ofu, Olosega, and Ta'u in the Manu'a group located 60 miles east of Tutuila. Anunu'u is a small island one-quarter mile off the eastern shore of Tutuila. Rose Atoll is a wildlife refuge 60 miles east of Manu'a. Swain's Island, a member of the Tokelau island group, is 200 miles north of Tutuila.

The islands experience Southeast trade winds that result in frequent rains and a pleasant, warm tropical climate. The year round temperature ranges from 70 to 90 degrees, depending on the warmth of the surrounding ocean. The humidity averages about 80 percent during most of the year. The average rainfall at Pago Pago International Airport is 130 inches per year, while Pago Pago Harbor, only four and one-half miles away, averages 200 inches per year.

**Early History** - About 1500 B.C., people (probably from Southeast Asia) arrived in the Samoan Islands, after having navigated the Pacific Ocean in rafts. This astonishing achievement occurred at approximately the time of the Trojan War or the Exodus in Western history. Little is known about these people who were or were to become the Polynesians and who would populate the islands of the Central and Eastern Pacific from Hawaii to New Zealand and Samoa to Easter Island. It was not until 1973 that Samoan prehistory was dated back this far. In that year some pieces of clay pottery were discovered during a dredging project near Mulifanua in Western Samoa. These pottery shards were made from clay found in the same area. Radiocarbon dating revealed that the pottery was made in about 1200 B.C.

This Lapita form of pottery is found throughout the Western Pacific, from New Guinea to Samoa. It is named after an area in New Caledonia where the pottery was first discovered. Some scientists believe that one group of people who made this type of pottery moved into the Pacific area about 4,000 years ago. Where they originated is not known, except that the pottery is similar to that found in Southeast Asia. By A.D. 400 the Lapita culture had evolved into a more recognizable Polynesian culture (Bellwood, 1978). However, the greatest feats of navigation ever undertaken by early man were yet to come. The Polynesians would now undertake expeditions to Eastern Polynesian (Tahiti, Hawaii, the Marquesas, Easter Island, and others).

Early settlements in Eastern Polynesia begin to appear between A.D. 300 and 700. They were probably settled initially from Samoa or Tonga. This migration to Hawaii, Tahiti and other eastern islands was probably completed by A.D. 1100, after which isolation gave rise to different Polynesian cultures as they are known today. (Recent DNA evidence)

Samoa was first sighted by European explorers in 1722 and was visited again in 1768 and 1787. However, it was not until 1831 that Westerners took up residence in the Samoan Islands, the beginning of modern or recorded history in Samoa.

**Samoa Society** - No real justice can be done to the description of a people's culture. In many ways it is not possible to capture in language the standards, complexities and nuances of different cultures. For many reasons, however, the effort is worthwhile. This is especially the case where distinct cultures come together. There is a need to encourage understanding, tolerance and, in general, promote a useful and productive accommodation of cultural diversity in our society.

Samoans have adhered to the fundamental elements of their language and culture to an extent unprecedented in most parts of the world. This adherence to Samoan language and culture is not just ceremonial. The Samoan people, particularly in their own lands, strive to retain as much of their communal or *aiga* (family) land and *matai* (chief) systems as possible. In this report the term "*matai* system" shall refer to American Samoa's extended family and land tenure systems as well.

The basic unit of Samoan society, the *aiga* or extended family group, is a group of people related by blood, marriage or adoption, varying in number from a few to several hundred who acknowledge a common allegiance to a particular *matai*. The *matai* possesses authority over the members of his family and regulates their activities. Family resources are under the authority of the *matai*. Traditionally, the *matai* consults the *aiga* before exercising his authority. Consultation and discussion are highly developed practices at every level of Samoan society.

Samoa's land and *matai* systems are ancient and complex. Each contains nuances that are not well understood by outsiders. In modern Samoa, special courts that rely substantially on Samoan oral history, tradition and custom adjudicate disputes concerning family lands and titles.

It is the *matai* system that is at the core of Samoan society and which gives meaning to other Samoan institutions including the economy. Again and again, from the deeds of session to more recent deliberations on political status, Samoans express a very strong preference for and commitment to the preservation of the *matai*, extended family and communal land system. The *matai* system contains a sense of social continuity, structure and order. To some extent the title is independent of the holder. In addition, the rank of the title tends to order members of different descent groups. Most important however is that the system ties Samoans, their families, villages and other political subdivisions to Samoan society itself.

Cultural diversity was once thought of in the U.S. as a temporary condition that would ultimately be replaced with full assimilation. There is some reason to believe that this is wrong or at least a serious oversimplification. What seems to be emerging is some cultural assimilation and continued cultural diversity, something more akin to a cultural mosaic than a cultural melting pot. This distinction is becoming more accepted, and it has important implications. With the assimilation concept, it was the responsibility of minorities to master the majority culture and

adopt it. With the cultural diversity model, there is a responsibility on the part of the majority to understand the cultures of its minorities in order to develop tolerance and an appreciation for diversity.

**The U.S. and American Samoa** - The United States had had an interest in Samoa from these early settlements in the 1830's. The U.S. government had a very strong interest in eastern Samoa, now American Samoa, primarily for its excellent harbor. US transport companies and land development interests were very active in Western Samoa, now an independent nation.

The period between 1830 and 1900 was a difficult one for Samoa. Europeans and Americans never really fathomed the complex and sophisticated Samoan political process. Samoan civil wars were ignited or exacerbated by foreign influences in the political process and the introduction of modern weapons. These weapons were often exchanged for Samoan lands. In fact by 1890 Germany, England, America and France had claims to Samoan lands that were twice the entire land area of the Samoan Islands. At final adjudication they received about 20 percent of Samoa's total land area.

The U.S. entered into its first treaty with Samoa for the use of the excellent Pago Pago Harbor. This agreement was made in 1872, but the U.S. Senate never ratified it. In the 1870s the Samoans were under a dual state of siege from their own civil wars and the competitive disruptions of the Western powers.

In 1877, the Secretary of State of Samoa, Le Mamea, visited President Hayes in Washington D.C. for the express purpose of offering Samoa to the U.S. through annexation or as a protectorate. Hayes was sympathetic to the plight of the Samoan people. He asked the Congress in his first annual message to consider the proposal. While Congress was in no mood for annexation, Hayes was able to obtain Senate ratification of a treaty under which the U.S. would obtain Pago Pago Harbor in return for U.S. peace and friendship.

This first treaty between Samoa and a major power increased the pressure on the part of England and Germany for treaties of their own. Increasing conflict led to the partitioning of Samoa in 1899. The U.S. obtained the islands of eastern Samoa. Germany assumed control of Western Samoa. England renounced their claims in Samoa for German concessions in Tonga, the Solomon Islands and West Africa. In 1900 the U.S. Secretary of the Navy established a naval station at Pago Pago. The leading chiefs of Tutuila ceded their lands to the U.S. in 1900. The Manu'a Islands ceded in 1904.

These deeds of cession speak of the promotion of the peace and welfare of the Samoan people, the establishment of a good and sound government, and the preservation of Samoan rights, lands, and culture. The deeds of cession, however, make no direct reference to the economy for the good reason that at the time there was only what could be described as a subsistence economy. This has changed, and the people of Samoa quite understand that modern economic development has a very direct bearing on their ability to preserve their rights, lands and culture.

In accepting the deeds of cession in 1929 the U.S. Congress placed responsibility for civil administration of the territory with the Executive Office. The U.S. Navy had this responsibility from 1900 to 1951. Since 1951 the U.S. Department of the Interior has administered the territory. However, American Samoa is substantially self governing today. It has its own constitution, its

own legislature, its own elected governor and a non-voting representative in the U.S. House of Representatives. American Samoa has made very rapid progress in political self-determination. However, all of this local authority is at the pleasure of the US Congress.

In 1830 there were no schools in Samoa. Children acquired necessary skills by working alongside adults performing traditional tasks. The first schools in American Samoa were pastors' schools and secular English language schools. The first English language school in American Samoa was established in 1904. The first high school was not established in American Samoa until 1947. Education in American Samoa languished until the 1960's when, after considerable criticism, the U.S. undertook a crash program to improve conditions in American Samoa. Not surprisingly, much of the focus of these improvements was to be in education on the quite reasonable grounds that education was the key to advancement of any form. The first post secondary educational institution, a community college, was not established until 1970.

It was not until the Second World War that American Samoa was transformed from a subsistence economy to a cash, or commercial, economy. Unprecedented amounts of money were injected into the local economy during the war years of the 1940's in the form of wages and other federal expenditures. Local commercial activities expanded accordingly. This new economic prosperity was short lived. The end of the war and the withdrawal of the US Navy caused severe economic distress in the late 1940's and early 1950's. In the early 1950's a large part of American Samoa's limited work force left for Hawaii on vessels provided by the US Navy.

It was these circumstances that induced the US Navy to begin considering commercial development in the late 1940's. In 1948 the Secretary of the Navy ordered the governor of American Samoa to authorize the entry of commercial enterprise into American Samoa. A cannery was built on Navy property in Atu'u. The Rockefeller Foundation financed it. This operation closed in 1950, but the facilities became part of the base of cannery production that remains in American Samoa to this day.

Cannery operations represented entry into the modern economic world for American Samoa, but there was a great deal missing. In the early 1960's, concerns were rising about general conditions in American Samoa. There were public reports of appalling conditions in education, infrastructure, health and other public services. The US responded with accelerated programs to improve conditions at all levels. By the early 1970's rapidly rising federal expenditures financed education and training, roads, utilities, and health care. Private sector development activities were undertaken. The ASG owned bank was sold to a US commercial bank. The American Samoa Development Corporation was formed to foster small business and operate the first 100-room hotel (the Rainmaker). At the same time American Samoa began to seek other federal grants in addition to Congressional appropriations. By 1980, these other federal grants rose to 49 percent of federal expenditures, up from 12 percent in 1971. American Samoa had embarked upon a path of modern economic development.

## **Economic Conditions and Trends in American Samoa**

An analysis of American Samoa's economy in 2007-2008 considered its future development prospects considering changing tuna cannery industry location conditions.<sup>1</sup> The work was primarily concerned with what the economic effects would be if there were serious reductions in or closure of cannery industry operations in American Samoa.

American Samoa now considers what it must do to recover from the employment losses unleashed by these events and what the future holds for its economy under the new order of economic conditions.

The economic history outlined in this report is summarized below:

1. In the thirty years prior to 2007, the American Samoa economy expanded at a fairly healthy rate, just above the US rate, at least as measured by employment. Despite the growth of the economy over that period, its structure had remained essentially the same. The cannery industry and government were then and remain the two basic forces driving American Samoa's economy.
2. The American Samoa economy virtually doubled in size over the thirty years. Led by canned tuna exports and federal financial aid, basic employment grew at a 2.6 percent annual rate. But job growth in the tuna canneries (4.3 percent) was much faster than job growth in local government supported by federal grants and expenditures (1.4 percent).
3. The tuna canneries and federal financial aid accounted for virtually all of the basic economic growth in American Samoa during this period. No other basic activity played a significant role in the economy's growth during the thirty year period. Basic economic activity is that which results in new income to an area from such activities as exports, tourist expenditures, remittances, etc.
4. Import substitution played no significant role in American Samoa's economic growth during this period. Import substitution is the process by which an economy increasingly produces goods or services that were previously imported.
5. The only notable change in the structure of American Samoa's economy was the increased importance of the tuna canneries. The addition of 3,246 workers over the thirty-year period raised the fish processing's share of total employment in the territory from 16.5 percent to 26.2 percent, not counting the multiplier effect. Although federally-supported jobs in local government increased 1,103, their share of total employment fell from 27.7 percent to 18.9 percent.
6. This 30 year economic growth period was more than just the numbers. American Samoa's economy matured into one that was capable of supporting a considerable industrial

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<sup>1</sup> American Samoa Government, Department of Commerce. Malcolm D. McPhee & Associates with Dick Conway and Lewis Wolman, *American Samoa's Economic Future and the Cannery Industry*, prepared for the under a grant award from the U.S. Department of the Interior, Office of Insular Affairs (February 2008).

base with a greater range of consumer and business products and services that did not exist in the 1970s.

In summary, relying almost exclusively on the tuna canneries and federal financial aid, the American Samoa economy expanded steadily over the thirty year period. Employment doubled, the unemployment rate fell, and real per capita income has rose at about a 2 percent annual rate.

Perhaps because of its past success, the territory had not broadened its economic base. Since the 1970s there has been virtually no increase in American Samoa exports other than canned tuna. It is also apparent that, with the exception of some recent hotel construction, the visitor industry had not experienced any significant growth. The inability of the American Samoa economy to diversify left it vulnerable to severe economic shocks to its economic base, the canneries and federal expenditures.

Concerns remained that American Samoa's cannery industry was vulnerable to rising US imports of canned tuna from such lower labor cost areas as Thailand, the Philippines and elsewhere. American Samoa canneries were known to be examining lower cost processing areas at least for some segments of their canning process.

In particular, if the recent legislated increases in the minimum wage were to cause a complete shutdown of the tuna canneries, American Samoa could lose forty percent of its jobs. Such a calamity would prompt efforts to create employment opportunities in other economic activities, such as call centers and tourism. But even if these initiatives were successful, it would take years before the American Samoa economy could fully recover.

During the course of that analysis two stunning events occurred. First, by act of Congress, the US minimum wage was to be phased into American Samoa, virtually doubling it over an eight year period. Second, one of American Samoa's two major tuna canneries announced its intention to shut down in 2009, in part as a result of the minimum wage increase.

American Samoa's worst economic fears began to materialize in 2007. In 2007, the US Congress decided to apply the US minimum wage to American Samoa through provisions in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act.

Previously, American Samoa's minimum wage had been determined by US Department of Labor "Special Industry Committees," and they were substantially lower, by approximately one-half, than the US rate. Under the new law, minimum wages in American Samoa would increase in \$.50 increments per year until they reached the federal minimum wage. After the U.S. minimum wage was reached, any additional increase in the U.S. minimum wage would apply to American Samoa on the same schedule as for the 50 U.S. states.

The 2007 law required minimum wage increases in May of 2008 and in May each year thereafter, until the American Samoa minimum wages reached the US level in 2016. However, the Consolidated Appropriations Act of 2010 included a provision delaying the minimum wage increases until September 30th of each year, beginning in 2010. However, Congress did suspend the \$.50 per hour minimum wage increases in American Samoa for 2010 and 2011. These increases will resume in September 2012 absent legislation to continue the suspension.

The second shoe dropped in 2009 with the announcement that one of American Samoa's two canneries would be closed in 2009, taking down with it approximately 2000 jobs. This closure was attributed in part to the rising minimum wage.

The referenced American Samoa, Department of Commerce economic report then goes on to project the possible economic and population effects of different economic scenarios for the future. Unfortunately, it appears now that American Samoa will suffer some form of the worst case scenario in which by 2015 employment will fall to 12,200 and population to 56,000.

Obviously, even before the completion of this study, minimum wage and cannery developments on the ground indicated that some form of the worst case scenario would prevail. All of this assured that American Samoa would indeed face a serious economic setback with no clear path to economic recovery in sight, especially with the prospect of serious wage inflation.

**American Samoa's Economy Turns Down in 2007** - That American Samoa was headed for some form of the worst case economic scenario was soon confirmed. In 2011 the US Government Accountability Office (GAO) released its report on the performance of the American Samoa and CNMI economies after imposition of the US minimum wage in those two US territories.<sup>2</sup>

GAO, using Social Security Administration employment data, found that employment in American Samoa had declined from 19,171 in 2008 to 15,434 in 2009, a 19 percent decline (Table 1). GAO did point out that the lost cannery jobs were counted in that 2009 employment figure because those cannery workers had cannery earnings during the year 2009. The American Samoa Government (ASG) preferred to remove the 2000 cannery workers from the 2009 employment total because they were in fact no longer cannery employees by the end of the year. As a result ASG regarded the employment loss in 2009 as closer to 5737, a 30 percent decline in a single year.

More alarming was the fact that the rising minimum wage was having adverse employment effects on industries other than the canneries. This was deduced from the fact that workers who had been employed at the closed cannery were still counted as employed in the 2009 GAO employment estimate. The remaining cannery did reduce employment by a few hundred in 2009. Hence, the 3737 employment decline estimated by GAO in 2009 was not substantially from the cannery industry. Further, only about one-third of the 2009 job loss could have been attributable to cannery multiplier effects because the multiplier for the canneries was only 1.5, or not more than 1000 of the GAO 3737 estimated jobs lost. Therefore, much of the 3737 employment decline in 2009 had to be in industries other than the canneries or industries heavily dependent upon the canneries.

As noted above the loss of 5737 jobs in 2009 brought the estimate of 2009 employment to 13,434 within 10 percent of the employment estimate of the worst case scenario (12,222) mentioned previously.

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<sup>2</sup> US Government Accountability Office, American Samoa and the Commonwealth of the Northern Marian Islands: Employment, earnings, and Status of Key Industries Since Minimum Wage Increases Began, GAO-11-427 (June 2011).

**Table 1**  
**GAO and American Samoa Total Employment Loss Estimates**

	<b>2008</b>	<b>2009</b>	<b>Jobs Change</b>	<b>Percent Change</b>
GAO total employment estimates	19,171	15,434	3737	-19
ASG adjustment to above estimates*	19,171	13,434	5737	-30

\*Including cannery closure effects

Source: GAO-11-427 American Samoa and Commonwealth of the Northern Mariana Islands (Pages 63-65) <http://www.gao.gov/new.items/d11427.pdf> and American Samoa Government, Department of Commerce.

As previously noted, the employment data GAO used were from the Social Security Administration (SSA). It is a byproduct of information it collects pertaining to administration of the Social Security system and is not designed to track employment trends. This SSA employment data was used because highly reliable and timely employment, labor force and population data is not available for American Samoa or, for that matter, for other smaller US territories. The 50 states have reasonably good such information primarily because the US Department of Labor requires the collection of employment, wages and salaries and household survey data for unemployment and labor force information.

It is unrealistic to think that American Samoa could generate quality information in this area on its own when the states cannot do it. A model for achieving this might be the work creating a system of income and product accounts (GDP) for American Samoa. This was a joint effort of the territories, the Department of the Interior, and the US Department of Commerce. GDP estimates are now available for American Samoa (2002-2009) and will be discussed below. A similar effort could be initiated with American Samoa involving the US Department of Labor to generate more reliable and timely employment and labor force information.

This lack of this employment, unemployment, labor force and population information causes American Samoa serious difficulties. For example, the US Department of Labor itself could not effectively respond to Congress's request for economic impact information on raising the minimum wage in American Samoa.<sup>3</sup> In fact they relied upon the impact estimates of the American Samoa Department of Commerce Cannery study previously referenced. Even the GAO has had difficulty with employment data in its minimum wage impact analyses.

In addition, the US Census 2010 population count for American Samoa (55,591) caused some consternation because it was below the 2000 count (57,291) and well below what had been estimated locally for 2009 (69,000).

<sup>3</sup> US Department of Labor, Office of Assistant Secretary for Policy, *Impact of Increased Minimum Wage on the Economies of American Samoa and the Commonwealth of the Northern Marian Islands*: US Department of Labor, January 2008.

All that can be concluded from this is that the discrepancy is attributable to some combination of the inadequate local population estimating procedures and US Census undercounting. It seems evident now that the local population estimating procedures did not have the net-migration data or employment data necessary to estimate the net out-migration component of population estimates. Net outmigration almost certainly occurred between 2008 and 2010 based on the employment data examined above.

In addition, the 2010 US Census population count of 55,591 for American Samoa is more consistent with the historical relationship between employment and population than the other population estimates. Employment has held at about 26 percent of population in American Samoa since at least 1975.

So far this report has focused on employment as a measure of economic activity mainly out of necessity as income and product account data has only recently become available as noted above. Fortunately, in 2011 Gross Domestic Product data became available for American Samoa for 2002 through 2009. GDP is a system of economic accounts which measures gross income and production for a state or a region, taking into account public and private consumption, investment, and net exports. It is almost universally regarded as the most comprehensive measure of an economy. Per capita GDP or personal income is regarded as the most comprehensive measure of the economic wellbeing of the resident population. Employment data gives no indication of the income levels of those employed.

Table 2 is generally consistent with the above employment analysis, but it sheds more light on actual conditions. American Samoa's GDP indeed began its slide in 2008 declining 2.0 percent that year and 4.7 percent in 2009. While employment took a very high percentage decline in 2009 much of it occurred late in the year with the cannery closure. GDP measures production for the entire year.

Table 2 also shows that American Samoa's economy was growing steadily between 2002 and 2005, but it began to weaken in 2006 prior to the announcements concerning the minimum wage increases and the cannery closure. This may have been a factor concerning local population estimates between 2000 and 2010. For reasons cited above, local employment and migration data was not reliable and timely enough to produce reasonable population estimates.

This undoubtedly had serious effects on American Samoa's per capita GDP estimate for 2009. The reason is that the 2010 US Census count came in at 55,519, far below 2009 local population estimate. This represented a decrease of 3.1 percent from the 2000 Census population count of 57,291. The difficulty is that the local 2009 population estimate in Table 3 is 70,100. For example, in Table 2, per capita GDP declines from \$8,865 in 2002 to 7,190 in 2009, an annual decline of 2.9 percent. If we assume that the population is closer to 57,000 in 2009, more consistent with the 2010 US Census count, per capita GDP in 2009 would have been \$8,842 almost identical with 2002.

Declining or low growing per capita income is not surprising given American Samoa's heavy dependence upon the low wage, labor intensive cannery industry. In addition, US per capita income has remained at four to five times as high as per capita income in American Samoa over the past thirty years or more.

These economic accounts tell us something else about American Samoa's economic future. In order to reduce this per capita production and income disparity with the US, American Samoa workers are going to require economic opportunities (business and jobs) that are more productive. It is generally recognized that this is achieved by improvements in the application of capital and in education and training. Increases in productivity allow for increased earnings without forcing up inflation.

**Table 2**  
**American Samoa Real Gross Domestic Product, 2005 Chained Dollars**

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Gross domestic product</b>	539	542	545	548	531	540	529	504
<b>Personal consumption</b>	341	350	367	365	363	359	358	357
<b>Private fixed investment</b>	14	14	18	21	20	20	20	17
<b>Change in private inventories</b>	6	31	13	-6	-3	-7	-23	-10
<b>Net exports</b>	-91	-130	-112	-81	-88	-61	-68	-106
<b>Exports</b>	590	577	485	507	474	479	475	375
<b>Goods</b>	560	547	456	480	448	456	453	352
<b>Services</b>	31	30	30	27	26	23	22	24
<b>Imports</b>	681	707	597	589	561	541	543	481
<b>Goods</b>	608	629	525	525	496	478	479	421
<b>Services</b>	73	79	72	64	65	63	64	60
<b>Gov. consumption/ investment</b>	263	270	258	250	239	228	245	264
<b>Addenda:</b>								
<b>Population (thousands)</b>	60.8	62.6	64.1	65.5	66.9	68.2	69.2	70.1
<b>Per capita real GDP</b>	8,865	8,658	8,502	8,366	7,937	7,918	7,645	7,190

Source: US Department of Commerce, Bureau of Economic Analysis  
[http://www.doi.gov/oia/press/2011/BEA\\_GDP\\_Data\\_AS\\_May\\_31.pdf](http://www.doi.gov/oia/press/2011/BEA_GDP_Data_AS_May_31.pdf)

**Infusion of Federal Funds Averts Economic Disaster in American Samoa** - This bleak employment and GDP analysis notwithstanding, there is a prevailing sentiment in American Samoa that things are not as bad as described above. There is considerable information to support this view.

This optimism that things are not yet as bad as feared is very likely based upon the following. In 2008, the US entered into its most serious financial crisis and economic recession since the 1930s. This caused the Congress to pass a \$787 billion economic stimulus package in February 2009.

There is evidence that American Samoa's economic free fall was slowed by its participation in this US economic recovery program and other federal spending programs. There were in fact massive and extraordinary federal expenditure increases in American Samoa in 2009 and 2010.

Between 2005 and 2008 federal expenditures in American Samoa averaged about \$250 million annually. However, federal expenditures in American Samoa rose from \$257 million in 2008 to

\$381 million in 2009, an increase of 48.2 percent. In 2010 they rose to \$515 million an increase of 35.2 percent. These are enormous increases, virtually doubling federal expenditures in two years. In fact between 2005 and 2010 federal expenditures in American Samoa advanced at an annual average rate of 16 percent, double the rate of any other US territory and the US overall (Table 3).

**Table 3**  
**Federal Government Expenditures in Outlying Areas, 2006-2010**  
**(In millions dollars)**

	<b>2005</b>	<b>2010</b>	<b>Annual Average Percent Change (2006-2010)</b>
<b>American Samoa</b>	243	515	16.2
<b>Guam</b>	1,413	2,012	7.3
<b>CNMI</b>	167	250	8.4
<b>Puerto Rico</b>	15,448	21,118	6.5
<b>Virgin Islands</b>	625	821	5.6
<b>US</b>	2,448,484	3,276,422	6.0

Source: USA Census Bureau: Consolidated Federal Funds Report, Fiscal Year 2010, Page 26

Table 4 demonstrates that almost 80 percent of federal expenditures in American Samoa are in grants compared with 21 percent for the nation. American Samoa lags far behind the rest of the nation in every other per capita federal expenditure category including retirement, other direct payments, procurement, and salaries and wages.

**Table 4**  
**Per Capita Federal Expenditures in the US and American Samoa FY 2010**

	<b>American Samoa</b>	<b>US</b>	<b>American Samoa Percent</b>	<b>US Percent</b>
<b>Population</b>	66,000	308,745,538		
<b>Total per capita expenditures</b>	\$7804	\$10,460	100.0	100.0
<b>Retirement/disability</b>	919	2,935	11.8	28.1
<b>Other direct payments</b>	224	2,633	2.9	25.2
<b>Grants</b>	6178	2,187	79.2	20.9
<b>Procurement</b>	385	1,605	4.9	15.3
<b>Salaries and wages</b>	97	1,099	1.2	10.5

Source: USA Census Bureau: Consolidated Federal Funds Report, Fiscal Year 2010, Page 23

Table 5 demonstrates that as of April 27, 2012 Recovery Act funds available to American Samoa were \$241.4 million, only \$130.0 million of which had been paid out. That leaves approximately \$111.4 million to be paid out in 2012 and beyond.

Table 5 also shows the range of federal agencies participating in the Recovery Act especially in agriculture, education, energy, health and human services, transportation, and environmental protection.

**Table 5**  
**American Samoa Recovery Act Spending for American Samoa,**  
**February 2009 to April 27, 2012**

<b>State/Territory</b>	<b>Funds Available</b>	<b>Funds Paid Out</b>
<b>American Samoa</b>	\$241,392,891	\$129,965,395
<b>Corp. for National/Community Service</b>	\$375,793	\$375,793
<b>Department of Agriculture</b>	\$86,126,821	\$5,666,544
<b>Department of Commerce</b>	\$1,900,496	\$457,681
<b>Department of Education</b>	\$58,233,879	\$46,081,014
<b>Department of Energy</b>	\$29,345,206	\$19,219,586
<b>Department of Health/Human Services</b>	\$15,733,301	\$13,807,617
<b>Department Housing/Urban Development</b>	\$1,376,451	\$1,018,413
<b>Department of Justice</b>	\$4,286,358	\$2,723,768
<b>Department of Labor</b>	\$705,489	\$705,489
<b>Department of the Treasury</b>	\$30,778,499	\$30,778,499
<b>Department of Transportation</b>	\$8,468,599	\$8,420,599
<b>Department of Veterans Affairs</b>	\$0	\$0
<b>Environmental Protection Agency</b>	\$4,036,999	\$685,392
<b>National Endowment for the Arts</b>	\$25,000	\$25,000
<b>Social Security Administration</b>	\$0	\$0

Source: *Recovery.gov* (U.S. government's official website that provides data related to Recovery Act spending)  
<http://www.recovery.gov/Transparency/agency/Pages/StateTotalsByAgency.aspx>

This is a massive influx of special federal economic recovery funds to American Samoa. Considering total federal funds, the increase is even more telling. Table 6 demonstrates that federal funding rose to 54 percent of GDP in 2009.

**Table 6**  
**Federal Expenditures and GDP in American Samoa**  
**(\$ millions)**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Federal Expenditures</b>	154	198	262	243	246	213	257	381	515
<b>GDP</b>	546	558	543	548	545	572	605	703	NA
<b>Expenditures/GDP (%)</b>	28.2	35.5	48.3	44.3	45.1	37.2	42.5	54.2	NA

The next step was to estimate the number of jobs associated with these increases in federal expenditures in American Samoa. American Samoa's economic model for 2002 yielded an estimate of both federal expenditures for that year and employment for the federal government

and American Samoa Government, and government authority employment supported by federal grants and expenditures.<sup>4</sup> That data produced a federal expenditure per employee of \$43,500. This number was adjusted to use a revised federal expenditure figure for 2002 (\$128 million to \$154) which yielded a federal expenditure per employee figure of \$52,830 for 2002. This figure was adjusted for inflation (US CPI) for the years 2003-2012 in Table 7.

Federal expenditure related jobs in American Samoa rose by 3987 between 2008 and 2010, or about 70 percent of the minimum wage and cannery closure job losses referenced earlier (5737).

There are several observations about the job impact estimates in Table 7. In general they must be regarded as temporary. The US Recovery program itself was by definition intended to be a short term response to what was regarded as a short term problem (the recession). Of course, there are debates about whether it was sufficient, whether it was warranted in light of its effect on the nation's indebtedness, or whether it was effective at all. There should not be much debate about the employment effects of this federal spending in American Samoa.

New federal expenditures of this magnitude in American Samoa could hardly fail to compensate to an extent for the job losses earlier referenced. That is the good news. The bad news is that this federal expenditure largess is going to end one way or another and probably sooner rather than later. Pressures to reduce federal spending are not going away any time soon.

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<sup>4</sup> American Samoa Government, Department of Commerce. Malcolm D. McPhee & Associates with Dick Conway and Lewis Wolman, *American Samoa's Economic Future and the Cannery Industry*, prepared for the under a grant award from the U.S. Department of the Interior, Office of Insular Affairs (February 2008)

**Table 7**  
**Jobs Created by Federal Spending in American Samoa, 2002 – 2012**

<b>Year</b>	<b>Federal Expenditures (\$ Per Job)</b>	<b>Federal Expenditures (\$ millions)</b>	<b>Direct Jobs Created</b>	<b>Annual Job Change</b>
<b>2002</b>	52,830	154	2915	
<b>2003</b>	54,045	198	3664	749
<b>2004</b>	55,504	262	4720	1056
<b>2005</b>	57,391	243	4234	-486
<b>2006</b>	59,228	246	4153	-81
<b>2007</b>	60,886	213	3498	-655
<b>2008</b>	63,200	257	4066	568
<b>2009</b>	62,947	381	6053	1987
<b>2010</b>	63,954	515	8053	2000
<b>2011</b>	66,001	500e	7577e	-476e
<b>2012</b>	67,519	500e	7405e	-172e

e estimate

Sources: (1)<ftp://ftp.bls.gov/pub/special.requests/cpi/cpiat.txt> U.S. Census Bureau, Consolidated Federal Funds Report for Fiscal Year 2010, U.S. Government Printing Office, (2)Washington, DC, 2011 <http://www.census.gov/prod/2011pubs/cffr-10.pdf> (3)Cannery Study:2002 Federal expenditure employment, 2915

Table 8 suggests that by 2010 the employment effects had indeed began to offset, at least temporarily, some the earlier minimum wage and cannery closure job losses.

**Table 8**  
**GAO and American Samoa Total Employment Estimates**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GAO total employment estimates</b>	19,171	15,434	NA
<b>ASG adjustment to GAO estimate*</b>	19,171	13,434	NA
<b>ASG annual estimates</b>	16,990	14,108	18,862

\*Including cannery closure effects

Source: GAO-11-427 American Samoa and Commonwealth of the Northern Mariana Islands (Pages 63-65) <http://www.gao.gov/new.items/d11427.pdf> and American Samoa Government, Department of Commerce.

## Summary

This analysis has important implications for American Samoa's economic future. It suggests a form the Comprehensive Economic Development Strategy to best serve American Samoa's economic interests in the years ahead. That CEDS would take into account the following findings.

1. American Samoa is nearing the conclusion of an important economic period in its history. During that period American Samoa's economy matured considerably. It established most of the elements of a modern economy with a range of improvements in industrial and consumer support industries, higher education, a modern legal system, public facilities and services and much else that characterizes modern economies. This growth period, based primarily on low wage, labor intensive industries and federal expenditures, is rapidly nearing an end. American Samoa must seek a new economic direction for the future.
2. This three to four decade period of steady economic growth is coming to an end for several reasons. First, American Samoa is finding it increasingly difficult to offer the tax incentives and relatively low wages that were available earlier in the period. Second, trends in world trade are reducing tariffs and non-tariff barriers to an extent that American Samoa's conditional duty free access to the US and exemptions from federal maritime laws are now much less advantageous than they were earlier.
3. American Samoa, as the US, is losing jobs due in part to rising competitive conditions in larger, low wage areas of the world that have benefited so greatly from the rise of freer trade world-wide.
4. World economic conditions are now as unstable as they have been in 70 years, but there is little consideration of any broad rollback in liberalized trade. If there were, it would likely be temporary.
5. The answer for American Samoa, as with the US, is to recognize that the economic future is not in trying to recapture old low productivity, low wage jobs. The economic future is in marshaling all of the community's development energy to build an economy that is capable of supporting the higher productivity industries and jobs of the future. There is no return. The world has changed.
6. All regions have their characteristic locational givens, most of which cannot be easily altered or removed. In American Samoa's case, these are severe distances from major markets and sources of supply, population and labor force size and capability deficiencies, and others. On the plus side are the natural beauty and abundant marine resources.
7. It is within this complex of given conditions that communities must forge economic development programs and policies focusing on conditions they can reasonably influence. These are of two general forms. One is the demand side, the identification of goods or services that might reasonably be produced in American Samoa especially for external markets. The impetus for such opportunity identification is the private sector which also is responsible for the execution of such opportunities. The other is the supply side, the identification of local conditions which bear on the cost/supply practicability of these

opportunities (land, labor, transportation, utility, taxes and other costs, community receptiveness, permits and regulations, etc.).

8. Hence, it is the purpose of this CEDS to determine (a) what inhibits the proper identification of future development opportunities and (b) what local conditions prevent full realization of those opportunities. This CEDS will then recommend actions to remove these impediments to economic development in American Samoa.
9. This is an extremely complex combination of issues and interests; however, some areas deal with them more effectively than others. It is the primary purpose of this CEDS effort to improve upon these economic conditions for a more prosperous future for American Samoa. No single institution on its own can advance an economy, but the failure of only one can greatly inhibit or halt economic development. Energizing and guiding these institutions is the key to economic advancement. This CEDS work will involve the public and private sectors to help identify the best organization, plans, programs and policies to improve the efficacy of American Samoa's future economic development efforts.
10. There is not a great deal of time. Things would be a great deal worse in American Samoa today but for the massive increase in federal expenditures made in American Samoa as a result of the US Recovery act since 2009. When those funds begin to dry up, the full impacts of the rising minimum wage and the cannery industry's precarious position could deal a lethal blow to American Samoa's economy.

## **Chapter 2: Analysis of Economic Development Opportunities and Constraints**

This Chapter is based upon the findings of previous studies and extensive interviews with public and private sector leaders in American Samoa.

An effective economic development strategy must identify the economic opportunities that are the most likely to be successful. The most promising opportunities can be found in industries or economic activities in which American Samoa enjoys some comparative advantage. They are economic activities that can be undertaken more efficiently than other economic activities in American Samoa. Traditionally, these comparative advantage industries in American Samoa have been fish processing and tourism.

Some advantages derive from American Samoa's location and natural resources while others derive from the territory's relationship with the United States. Still others derive from the development of advantage through incisive development improvements. In other words, given the totality of conditions in American Samoa, these are the industries in which it performs most economically compared with other industries in which it might engage. Evidence of this is in the rapidity with which Tri-marine occupied the fish processing facilities vacated by COS or the salvageable portion of the Rainmaker Hotel was restored for business.

After this, American Samoa must decide what support or supply industry linkages make sense for these industries (packaging, sports fishing tours, etc.) Import substitution offers some opportunities. Then there is the most difficult matter of discerning the industries in which American Samoa might compete with other states in the region or elsewhere. Governments or committees have attempted to come up with lists of such industries over the years to little avail. This is primarily because identifying such opportunities is essentially the role of the entrepreneur.

It is important that government and the private sector work closely and cooperatively to identify which economic activities are considered the most promising and the most realistic, and which constraints are the most inhibiting. That effort will result in a set of priorities, which should be advanced through strategic action plans.

### **Economic Opportunities**

Since the first American Samoa CEDS was written in 2000, there have been three noteworthy efforts to identify promising opportunities for economic development for American Samoa.<sup>5 6 7</sup>

Those reports reveal the different methods utilized by the different groups, but it is noteworthy that they have all identified approximately the same areas of opportunity. As earlier suggested, not all economic opportunities can be readily identified. Economic opportunities are infinite in the sense that they are based on ideas and knowledge and emerge and disappear with changing conditions in technology, trade, law and other circumstances.

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<sup>5</sup> The American Samoa Economic Advisory Commission: *Transforming the Economy of American Samoa*: 2002.

<sup>6</sup> American Samoa Government: *American Samoa's Economic Future and the Cannery Industry*., 2007.

<sup>7</sup> The Governor's Economic Advisory Council: *A Focused Collaborative Approach to Economic Development*: 2008

Free market capitalism<sup>8</sup> seems to do the best job at identifying the best opportunities at any given time. Yet, in a place as small and remote as American Samoa, it behooves the government and the private sector to work especially hard to attract and channel desired investments. The reason for this is that available resources would be severely diluted by pursuing all possible opportunities at the same time. This is especially the case for American Samoa, with its limited resources, size and workforce.

Therefore, it is important to identify and prioritize opportunities that are most readily achievable, that deliver the most income or jobs, as well as those that help create a more diversified and stable economy.

Some opportunities are dependent on an excellent Harbor and one or more of its related assets: the existence of an up-and-running tuna cannery industry, proximity to fishing grounds, good shipping services and port infrastructure.

Others are dependent on the fiber optic submarine cable, which can help neutralize the handicap of our physical remoteness for activities that can be accomplished digitally regardless of distance. Tourism is dependent on the natural beauty of American Samoan islands, waters and culture.

Some opportunities arise from or are enhanced by federal laws and rules that provide an effective economic advantage.

These opportunities can be combined in various ways to create competitive advantages that can be exploited to create viable opportunities for private investment.

The following section lists the conditions upon which American Samoa's economic opportunities, strategies and plans are based. Essentially, they define American Samoa's comparative advantage or its production of that which it produces most economically. They also define those competitive advantages that might be formulated in some combination to identify and exploit niche or specialty industry opportunities.

### **Fishing Industry**

1. Proximity to fishing grounds
2. Existing infrastructure, including human resources
3. Harbor and port infrastructure for canneries and the boats they rely upon
4. Fuel dock with competitive prices
5. Container yard
6. Unloading docks
7. Protected harbor
8. Water and power availability
9. Fish can be directly offloaded by domestic and foreign vessels
10. Experienced workforce
11. Headnote 3(a) (conditional duty free access to US)

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<sup>8</sup> Capitalism is a free market system relying substantially on private ownership, enterprise, profit and a role for government to ensure that markets are kept free and the right to private property and enterprise is secured.

12. Special US corporate tax incentives
13. Local tax incentives

### **American Samoa Fishing Industry Support**

1. Shipyard repair and maintenance
2. Machine shops
3. Net repair
4. Stevedoring, provisioning, and others

### **American Samoa Visitor/Tourism Industry**

1. Cruise ship calls increasing
2. Proximity to Samoa, Tonga, Fiji, Cook Islands
3. Frequent air connections to Apia, Samoa
4. Natural beauty
5. National Park and National Marine Sanctuary
6. Natural and cultural tourism resources are very attractive
7. Regulations help preserve our environment
8. Good SCUBA and great sports fishing
9. Hyperbaric chamber
10. 18-hole golf course
11. Attractive shopping to islanders, Aussies, Kiwis
12. Pristine Manu'a islands
13. Intact and robust Polynesian culture as tourist draw
14. Growing private sector cooperation with Samoa in visitor industry development

### **American Samoa as US Territory**

1. Federal support for infrastructure projects (e.g., airport, roads, water/sewer, etc.) and technical assistance
2. US postal system services
3. Federal support for disaster preparedness, mitigation, recovery
4. Political stability
5. Military opportunities for young people
6. Veteran benefits and services for retired military, including PX, medical clinic, social services, education grants, business grants, housing financings
7. Army Reserve center
8. Unconstrained access to US citizenship
9. Made in USA label available for goods produced in American Samoa
10. Observer status at South Pacific Forum

### **American Samoa's Physical Infrastructure**

1. Excellent protected harbor with shipping and fueling docks
2. Airport runways that can take wide body and heavy aircraft
3. Industrial park with roads and utilities
4. Fiber optic connection (with Honolulu/World and Samoa)
5. Industrial secondary support economy (shipping, machine shops etc.)
6. Good water system and abundant water resources
7. Wastewater treatment plants
8. Solid waste pick-up and disposal in sanitary landfill

9. Advanced wireless telecom systems
10. Advanced telephone services
11. Developable land in Manu'a

#### **American Samoa's Labor Force**

1. Two-year college with some four-year programs
2. Large number of capable people with local and outside training and education, including returned veterans
3. Lower wages than the US
4. Local control over immigration
5. Various workforce and training programs
6. Trade school offerings at high school and college level
7. In-depth recent labor pool study
8. English language strongly established
9. Very high literacy

#### **American Samoa's Financial Institutions**

1. Local Development Bank
2. Two full-service commercial banks
3. Federal business finance programs

#### **American Samoa's Athletic Prowess**

1. Local youth have recognized athletic prowess
2. Athletics infrastructure in place for hosting regional competition
3. Full member of the International Olympic Committee, and full membership in such international sporting bodies as IRB, FIFA, and other international and regional institutions

#### **American Samoa's Commercial Conditions**

1. Experience with modern manufacturing (e.g., StarKist Samoa)
2. No sales, value added or property taxes
3. Local tax incentives available
4. Prime Rainmaker hotel site is available
5. Potential to serve as a regional trade hub
6. American Samoa Code provides for an Economic Development Authority
7. English is the unofficial commercial language
8. Active Chamber of Commerce
9. Relatively low crime, corruption

#### **American Samoa's Other Qualities**

1. Exclusive Zone reserved for local fishermen
2. Local and overseas market for fresh and frozen fish
3. Intact Polynesian culture
4. Large amount of developable land in Manu'a
5. Development plans in place for port, airport, and tourism
6. Low level of present activity means good potential for various forms of import substitution (e.g., food, web development, etc.)

In addition to fisheries and visitor industry opportunities based upon American Samoa's location and resource advantage, there are other areas of opportunity that are not so easily discerned. The American Samoa Economic Advisory Commission report cited industries based upon agriculture, telecommunications, information technology, and selected areas of light manufacturing. These opportunities could be based upon support linkages to the basic fisheries or visitor industries. They could be tied to some regional market or regional cooperation with another country in the region. They could be an import substitution opportunity.

In 2008 the Governor's Economic Advisory Council avoided the temptation to identify highly specific opportunities except those related to fisheries and tourism. In fact it maintained that the cannery industry is a cornerstone of the American Samoan economy and that its wage and tax issues must be addressed. At the same time it recommended actions to bolster the visitor industry which would open the door to increased local tourism support business opportunities.

1. In agriculture it recommended specific strategies for increased local production through collaboration with the farming community, ASCC Land Grant, and the American Samoa Department of Agriculture.
2. In fisheries, it recommended strategies to develop the local fishing industry through increased finance, infrastructure (onshore support facilities), and increased capacity to market fish locally.
3. It recommended priorities and directions for manufacturing and ship repair for local and export markets through joint ventures, the attraction of foreign capital and technology and related infrastructure.

There were two important points demonstrated by this Governor's Economic Advisory Council report. One is that the private sector is in a strong position to identify economic opportunities that tend to arise in the normal course of business. The other is that this normal course of business is an excellent vantage to identify constraints to fulfilling those opportunities. That brings us to economic constraints.

### **Economic Development Constraints**

The matter of identifying economic development constraints is not so difficult, but evaluating and remedying them is very difficult. The constraints we are concerned about are those which can be remedied by human initiative, as opposed to those that are fixed in some fashion by nature (distance, climate, hazards, etc.). In rough order of importance the factors that lend themselves to local initiative are transportation, labor, markets, industrial sites, utilities, government attitudes, tax structure, business climate, and community.

Where these issues constrain economic development, government or the community can act to remove or ameliorate them. In general then it is the role of the private sector to identify and pursue opportunities. It is the role of the public sector to lessen or remove constraints to attaining those opportunities.

American Samoa has many economic assets, but it also has many constraints that hinder economic development and private investment. Obviously, the territory's small size and remote location pose severe natural constraints about which little can be done. However, many factors influencing American Samoa's economic development can be influenced by human initiative. It is these that will be focused upon here.

## **Federal Government Constraints**

American Samoa as a US territory is part of the US federal system as explained in Chapter 1. It was also explained that American Samoa is unincorporated (not subject to all US Constitutional provisions) and unorganized (does not have a government approved by Congress). Because no political status has been established for American Samoa, the US Congress has the Constitutional authority to apply US law to American Samoa at will.

American Samoa is very different from the US in economically, culturally, geographically and in many other respects. This has led to constraints emanating from federal laws and regulations.

In truth, American Samoa has benefited from exemptions from or special provisions in federal laws. Among them were an exemption from federal corporate taxes on repatriated profits from territorial operations (repealed), territorial duty free access to the US, special minimum wage level procedures (repealed), special marine transport law exemptions, and others.

Unfortunately, these US related economic development benefits have been eroding for decades. As indicated some have been repealed; some have been weakened. At the same time, some especially onerous US laws are applicable to American Samoa including the minimum wage law, commercial air service restrictions, and others.

There is concern that local immigration and customs control in American Samoa could be federalized. This too could have very severely adverse effects on the local labor market.

It was noted previously that the imposition of the US minimum wage was particularly damaging to American Samoa because the two economies were so different in size and character. In the US, the minimum wage applied to less than three percent of the work force. In American Samoa it applied to 70 percent of the work force causing serious wage inflation and unemployment. In fact, the US minimum wage would have to approach \$20 per hour in the US to affect 70 percent of the US work force.

Further, American Samoa's economy is only one-fifth as productive as the US economy on a per capita income or product basis. In American Samoa, labor costs represent about 15 percent of total production costs. That is the highest cost category except for the cost of whole fish purchased by the tuna canneries.

These were undoubtedly the critical factors in the devastating economic impacts of the application of the US minimum wage to American Samoa. The imposition of the US minimum wage rate on American Samoa is largely, although not exclusively, responsible for American Samoa's serious economic condition as noted in Chapter 1. This includes the loss of one of its two canneries, the precarious position of the remaining cannery, the viability of other economic opportunities, and the dimming of prospects for full economic recovery when federal spending eventually returns to more normal levels.

The federal government has the authority and the ability to impose devastating constraints on American Samoa's economy. Furthermore, this is not just the opinion of the territories. It is the view of Allen Stayman, former deputy assistant secretary of the Department of the Interior for

Territorial and International Affairs (now the Office of Insular Affairs).<sup>9</sup> He argues that for the unincorporated territories, there is no political status goal, and therefore no policy-guiding principle. These islands remain in a “status limbo, neither fully domestic nor foreign – a condition that complicates the development of solutions.” He states that trends in national tax, trade and wage policies (toward the territories are maturing into crises with the CNMI likely to lose at least half of its 2005 economy by 2010, and American Samoa at serious risk of losing as much as 90 percent of its economy over the next five years.” (Mr. Stayman was likely referring to 90 percent of American Samoa’s private sector economic base, the canneries, and not 90 percent of the entire economy.)

Mr. Stayman concludes:

“Unless Island leaders can join with the Obama administration to develop targeted economic revitalization plans... and obtain needed Congressional support ... there will probably be significant economic contraction in the CNMI and American Samoa... Under normal economic conditions, I (Stayman) would be confident that federal and Island policymakers, even without policy-guiding principles, would develop effective policies and muddle through. I am more concerned that federal officials may be unable either to find the necessary financial resources or focus their scarce time on creatively responding to the challenges of these territories.”

Mr. Stayman very accurately describes current US policy toward its territories. That is, muddling through is good enough. Muddle is no acceptable substitute for effective policy.

It is for these reasons that federal government actions are regarded as the most constraining to American Samoa’s future economic development. The federal economic constraints, existing or potential, of greatest concern to American Samoa are outlined below.

### **Federal Constraints**

1. The American Samoa minimum wage issue remains unresolved. Fortunately, Congress has deferred it twice for two year periods. It has been studied for five years by ASG, GAO, and the US Department of Labor. Its deleterious effects on American Samoa’s economy vary but are virtually unanimous.
2. American Samoa and other territories have no formal access to US international trade policy formulation or negotiations.
3. US corporate tax policies pertaining to American Samoa have not been resolved but continued with periodic and partial extensions.
4. American Samoa’s air transport service to and from the US is severely restricted by US cabotage laws that prohibit foreign carriers from transporting passengers between American Samoa and other parts of the US.
5. Local control of immigration is only one controversy from becoming a target for federalization.
6. The US has no political status goal, and therefore no policy-guiding principle for American Samoa to avoid the economic disasters that have befallen unincorporated territories.

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<sup>9</sup> Allen P. Stayman, *US Territorial Policy, Trends and Current Challenges*: (East-West Center, 2009)

7. A general federal policy on the territories would include not just economic development. It would also include education, health care, the environment, political status and other policy areas affecting economic development.
8. American Samoa is at the mercy of Congress's absolute Constitutional authority over US territories without a congressionally approved formal political status. There is no political status quo for American Samoa. American Samoa's political status is what the US Congress says it is whenever it passes a law that applies to American Samoa.
9. Applicable U.S. environmental regulations can be difficult and expensive to comply with, especially compared to other locales lacking such regulations, and are often considered inappropriate for American Samoa.

However, despite the predominance of federal constraints, there are many other categories that could constrain American Samoa's future development.

### **Constraints Affecting Visitor Industry**

1. High cost of air travel (made more difficult to relieve by US commercial air carrier regulations)
2. Rainmaker hotel site is a blight on the Harbor area and prevents realization of the full economic potential.
3. No mooring or convenience facilities for yachters.
4. Restrictions on entry into American Samoa by citizens of Samoa reduce visitors and shoppers from our neighbors.
5. Danger posed by stray dogs
6. Limited budget for American Samoa Visitor Board.

### **Constraints from Uncertainty and Instability**

1. Suppresses planning for investments and investments themselves
2. The minimum wage issue may not be appropriately resolved.
3. There is continuing concern about the canneries, further population decline, unemployment, decreased shipping and smaller customer base for utilities.
4. Federal funding levels may decline in the future.
5. Political status (unorganized, unincorporated US territory) limits American Samoa's ability to control its own destiny.
6. The drop in population from 2000 to 2010, a US Census finding questioned in many quarters, is a problem for existing businesses and has implications for economic growth and new enterprises.

### **Workforce Constraints**

1. Wage levels are much higher than other states in the region and many of our global competitors, especially after three years (2007-2009) of \$.50/hour increases in the minimum wage, roughly a 50 percent increase in three years.
2. Once educated off-island, many young people do not return ("Brain Drain") because wages in American Samoa are low compared to the US.
3. Reliance on immigrants for low-level jobs and specialized or skilled positions
4. Private sector employment is generally less desirable than public sector employment. American Samoa Government generally offers better pay, benefits, security, prestige, flexibility, retirement, etc.

5. Limited alignment of local workforce needs with vocational education, specialized training and scholarships

### **Land Constraints**

1. Limited quantity of developable land.
2. Limited land suited for agriculture or aquaculture. Local farmers have difficulty competing against imported products from nearby Samoa, which has a lower cost of production and a much larger agricultural sector.
3. Land tenure laws prevent highest uses, assembly into usable parcels, use as collateral, etc.
4. Limited application of zoning as a land use management tool exacerbates optimal land use.
5. Industrial Park is not always productively used, or is being used for activities that do not require the special qualities of an industrial park.
6. Inability of foreigners to own land discourages investment.
7. Limited ability to use land as collateral limits access to capital.
8. Land matters frequently end up in litigation.
9. Suitable private commercial land is hard to identify and negotiate, for a variety of reasons, including vacant matai titles, uncertain boundaries, etc.

### **Legal Infrastructure Constraints**

1. Tax rates in American Samoa are higher than US and the region discouraging potential off-island investors
2. The process by which tax incentives are extended is considered overly political and opaque, and there is a sense that tax incentives are not used to promote the purposes of the tax incentive statute.
3. Corporate formation can be difficult, uncertain and lengthy (especially for foreign companies), and may require expensive legal counsel.
4. There is no enabling legislation providing for Limited Liability Corporations or Limited Liability Partnerships, increasingly popular corporate forms.
5. The lack of a Universal Commercial Code reduces confidence of potential investors and makes transacting business more difficult, leading to higher transaction costs (e.g., banks charge higher interest to cover the increased risk and cost of local operations).
6. Laws governing financial transactions require updating (e.g., acceptance of electronic signatures).
7. The government land-use permit system (PNRS) is considered time consuming, rigid and sometimes arbitrary.

### **Commercial Finance Constraints**

1. It has become more difficult to borrow money in American Samoa as economic conditions have made banks more wary. Moreover, interest rates at the commercial banks are higher than those charged in the U.S., due to higher cost of lending, including higher transaction costs (due in part to our unique land laws and inadequate legal infrastructure) and the inability to sell loans to other financial institutions.
2. The Development Bank has limited funds for business development.

### **Physical Infrastructure Constraints**

1. There is deteriorating or inadequate infrastructure which there are insufficient funds to resolve (e.g., roads, water/wastewater, port, airport). Corrosive climate makes for expensive maintenance and short life cycles.
2. Low levels of technological adoption.
3. Infrequent and unreliable Manu'a transportation hinders stability in the outer island group, which is a contributing factor to the 33 percent population decrease in the past 20 years. A boat only calls in Manu'a every two weeks and two of the three islands are not served by scheduled or commercial air service.
4. Limited land in harbor area is evidenced by inability to come up with a good solution to StarKist Samoa's high priority need for a new cold storage site.
5. The American Samoa health care system is over-stressed and increasingly expensive. The health care system's shortcomings are sometimes a significant factor in the decision of some residents to move off-island, and might be a reason for investors to not pursue American Samoa opportunities (e.g., it makes recruiting top-level personnel much more difficult).

### **Territorial Government Constraints**

There was considerable opinion in the private sector interviews conducted for this project that local government was a serious detriment to economic development. The concerns of local business people are described in the previously referenced GAO reports (2010 and 2011), a Business Climate study (2006),<sup>10</sup> a 2007 Cannery impact study and a Samoa News public opinion poll.

These studies present no clear view of the effects of local government on economic development in American Samoa. None of these studies demonstrated that the local business climate was substantially responsible for the current condition of American Samoa's economy. Nor did they indicate that the business climate was a high priority determinant of economic activity levels in American Samoa. In addition, it was noted in Chapter 1 that American Samoa's economy grew at a fairly healthy and steady rate in the 30 year period prior to 2007.

However, business climate conditions, especially where severe, can almost certainly influence investment decisions. Investors in the US, for example, typically have many location options available to them depending upon the industry. Such major cost considerations as transportation, labor, raw materials, markets, industrial sites, utilities, and others may be comparable in total over many locations. In such cases, the receptivity of government and the community becomes a factor as do such things as the local tax structure, schools, health care, amenities and other qualities that appeal to their management and workers.<sup>11</sup>

Therefore, the issue will be addressed here since private sector members reiterated these concerns during the outreach/interview phase of this CEDS preparation effort. The truth is that American Samoa's development effort would certainly benefit from a closer working relationship between the government and the business community as well as traditional leaders and community organizations. There is a need to leave no stone unturned in strengthening

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<sup>10</sup>Jocelyn L.M. Doane and Sara Gray, US Department of the Interior, Office of Insular Affairs, A private Sector Assessment for American Samoa, August 2006.

<sup>11</sup>Masood A. Badri, *Dimensions of Industrial Location Factors: Review and Exploration*, (United Arab Emirates University, Journal of Business and Public Affairs, Volume 1, Issue 2, 2007.)

American Samoa's position in an increasingly difficult economic development process and rising competition.

Unfortunately, this issue must be examined in a highly contentious atmosphere in which often baseless and irresponsible political rhetoric abounds concerning the respective responsibilities of government and business for the nation's and American Samoa's economic woes. Under such conditions, there is unlikely to be any real improvement without some higher level of mutual understanding and respect.

The following is an effort to analyze the influence of local government on development in an effort to design effective programs, policies or actions.

### **Local Government Policy Constraints**

1. It is often difficult for the private sector to compete with the pay and benefits of government employment.
2. Efforts to privatize activities that might be performed more efficiently by the private sector have had questionable results (e.g., Shipyard, ASPA fuel, ASTCA /iPTV, Manua sea and air transportation). It might be an opportune time to revisit this.
3. Worsening economic conditions might be better addressed by increased cooperation among agencies and branches of government. This could have favorable effects on the quality of education, health care, public utilities, and other characteristics that can come into play for attracting investors and creating a favorable business climate.
4. The lack of a path to naturalization in American Samoa could also inhibit investment by the many local business people that are not US nationals or citizens. Such businesspeople cannot be assured of a permanent home in American Samoa and are prohibited from owning land. In some cases, they are restricted from owning their own businesses, and operate through American Samoan "front" agents.
5. There is a concern that a considerable underground economy in American Samoa, meaning that workers are paid in cash without proper records, reporting or tax withholding. This has potentially serious implications for illegal activities of many kinds including violations of wage, tax, immigration, human trafficking and other laws which could threaten federalization of American Samoa's immigration and customs system.
6. It is an expensive and timely process for a company to bring in needed labor, and the private sector considers the immigration process to be difficult, time-consuming, arbitrary, mysterious and susceptible to corruption.
7. There seems to be general agreement within the community and the government about the need for economic development and the most promising areas for economic development. Yet there does not seem to be a sense of urgency under the circumstances to become more aggressive about economic development.

### **Government Services Constraints**

The last category is of a higher order of importance. It addresses how the private sector actually relates to government.

1. Local business people believe that undertaking a major expansion or starting up a new business is difficult and time-consuming. They experience difficulty acquiring all government approvals.

2. The private sector does not have high expectations of government that calls will be returned, letters or emails answered, and public information provided.
3. Government is a major buyer of goods and services, but private sector lacks confidence that invoices will be paid in a timely manner, and that all vendors are treated according to the same rules.
4. Some forms of economic development require government investment, and the government finances are in such difficult condition that there is a very limited ability to make such investments.
5. The government does not provide adequate transparency and accountability.
6. The Department of Commerce has a wide array functions, in addition to its economic development work, and thus raising questions about the strength of focus on economic development.
7. Business license procedures are cumbersome and lengthy, and sometimes result in what is perceived as arbitrary denials. A joint public-private effort is already addressing this issue.
8. The government land-use permit system (PNRS) is considered time consuming, restrictive and arbitrary

### Chapter 3: Goals and Objectives

Chapters 1 and 2 have provided some basic background information on American Samoa's history, economic conditions and development issues. From this analysis, a vision statement will be forged. This vision statement will express the TPC's best understanding of the economic state of affairs it and the people of American Samoa prefer for American Samoa in the future.

#### Vision Statement

American Samoa recognizes that the industries it has depended upon in the past may not be the industries of its future. The economic development task ahead will become more not less difficult. American Samoa's vision for the future is not fundamentally different from that of any other people. People want better lives for themselves and their posterity. This means rising education levels and economic opportunity. Whatever it is that people include in a better life, it must be paid for one way or another. This includes improving nutrition and shelter, education, health care, various public services. Indeed it includes the leisure time required to enjoy the fruits of one's labor that might include religion, recreation, family affairs and many other pursuits. All of these things depend upon a community's ability to generate sufficient income to provide for them. Certainly the character of this vision must of necessity be somewhat vague. However, the target is a rising standard of living while serving the interests of the people in economic stability, the health and education of our people, the quality of our environment, and the preservation of our culture, language and lands.

American Samoa has additional objectives that are related to its bond with the U.S., its own constitution and its distinctive culture. These objectives concern greater economic self-reliance and political self-determination. American Samoa's constitution and its treaty with the U.S. make it the policy of the government to protect persons of Samoan ancestry against alienation of their lands and the destruction of the Samoan way of life and language. It provides for such protective legislation, and it encourages business enterprise among Samoans. Samoan people quite understand that without a strong measure of economic self-reliance and political self-determination, their way of life, traditions and language could be even more seriously endangered than they are now. American Samoa's vision for the future, therefore, entails the following goals and objectives.

<b>American Samoa Goals and Objectives</b>
<b>Goal One - Income and Production</b> Develop American Samoa over time into a highly productive economy that produces income growth rates that begin to close the enormous gap between per capita incomes and GDP in the US and American Samoa. <b>Objectives:</b> <ol style="list-style-type: none"><li>1. Increase real per capita incomes</li><li>2. Increase proportion of higher productivity jobs</li><li>3. Increase export income</li></ol>
<b>Goal Two – Diversity and Opportunity</b> Develop economic diversity in American Samoa over time to provide industries of increasing productivity for higher incomes and varied export markets to avoid single industry dependence.

<p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase diversified external direct investment</li> <li>2. Increase diversity in expansion of existing industries</li> <li>3. Increase diversity in the formation of new companies or industries.</li> </ol>
<p><b>Goal Three – Human Resources Development</b> Expand and upgrade American Samoa’s education, training and health institutions.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase basic and technical skills for higher productivity and earnings</li> <li>2. Increase alignment between education and training curricula and economy’s labor needs</li> <li>3. Increase knowledge of citizens, and increase education and training in general for youth to prosper elsewhere should they migrate for any reason</li> </ol>
<p><b>Goal Four – Environmental Preservation</b> Strengthen American Samoa’s environmental preservation and protection programs to ensure a continued high quality of life.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Support preceding goals to mitigate population pressures (reduced need for imported workers)</li> <li>2. Increase abatement procedures for all environmental concerns (air, water, land-use, energy, waste disposal, special impact areas, and others)</li> </ol>
<p><b>Goal Five – Cultural Aspirations</b> Integrate the American Samoa society and new Western economic and political systems while at the same time preserving Samoan customs and language to the greatest extent possible.</p> <p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Increase efforts to deal satisfactorily with American Samoa’s political status issues, especially those that can have a deleterious effects on its economy</li> <li>2. Increase efforts to educate the American Samoa public on its political status conditions and alternatives</li> <li>3. Increase American Samoan participation in economic development at all levels, including ownership, management and employment.</li> </ol>

A great deal of work has been done on most of these Goals and Objectives over the years, and they all are revisited in this new CEDS report. They include income, diversity, environmental and education goals. They have been the subject of much consideration, study and effort. All of the foregoing economic analysis, opportunities and problems, and other factors heretofore considered in this report are familiar to us.

There is one however, that has emerged quite recently and that is the relationship between American Samoa and the United States. That came to the fore because of the realization that US policy could have enormous adverse effects on American Samoa’s economy. This is especially true with the recent application of the US minimum wage to American Samoa.

A summary review of American Samoa’s political status is in order.

## **Chapter 4: Community and Private Sector Participation**

The effort to engage the American Samoa community in the CEDS process began with the issuance of a press release in early May, 2012. The press release appeared in the local newspaper, on the radio and on television. The press release was successful, in that most people contacted for the CEDS research were familiar with the process.

In preparing the 2012 CEDS, approximately 30-35 in-depth interviews were held with government officials (both territorial and federal) and private sector leaders. Most of the interviews were structured around seven questions, but many interviews targeted the specific sphere of interest of the interviewee.

In addition to the individual interviews, consultations were held with the Governor's Financial Advisory Group, the Board of Directors of the American Samoa Chamber of Commerce and the co-chair of the Governor's 2008 Economic Advisory Council. Early in the process, a meeting was held with the TPC (CEDS Committee) to discuss approaches to the 2012 CEDS preparation.

An online survey was created to give members of the public the opportunity to provide input to the CEDS process. In addition, an email went out to the 80 members of the Chamber of Commerce and the 20 members of Business and Professional Women of American Samoa with an invitation to complete the questionnaire.

See Appendix B for a copy of the press release, the newspaper ad, the online survey, the packet that was given to the interviewees (including the seven questions asked of the vast majority of the interviewees), and a list of the interviewees.

In addition to this original work, many of the reports consulted to prepare the CEDS were prepared with extensive community involvement conducted with a wide range of commissioners, consultants and professional staff. The list of such reports includes:

1. The 2002 American Samoa Economic Advisory Commission, which held extensive hearings and utilized a survey instrument.
2. The 2007 Cannery Impact Study which was prepared following dozens of interviews with public and private leaders.
3. The 2006 DOI business climate study which was based on interviews with private sector representatives.
4. The 2008 Governor's Economic Advisory Council, which included approximately 15 active participants from the private sector from its 27-member roll. The GEAC was formed by executive order and given a two-year assignment that resulted in two reports.
5. The 2010 and 2011 General Accounting Office reports on the effect of the minimum wage increase in American Samoa. GAO staff conducted many interviews as part of their work.
6. The 2007 Political Status Commission, which held hearings throughout the community.

7. The 2011 Constitutional Convention, which included many public participants and was preceded by an extensive public outreach program.
8. The CEDS reflects the insights and guidance gleaned from the interviews and literature review, and thus reflects a wide array of community input.
9. American Samoa's strongest private-public partnership is the American Samoa Visitors Bureau, formed in 2009. Both the chairman of the ASVB board and the Bureau's Executive Director were interviewed.

## **Chapter 5: Strategic Projects, Programs and Activities**

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in the same chapter.

These actions are in three basic categories

- I. Business Expansion
- II. Business Climate
- III. Business Infrastructure

In Appendix B for each action there is detailed explanatory information on the issue, the desired outcome, project cost, lead organization, other organizations, funding source, start year and project duration.

### **I. Business Expansion**

#### **1. Retain and Expand Tuna Industry Employment**

As recently as five years ago, more than half of the 10,000 private sector workers in American Samoa were directly employed by the tuna canning industry. This figure does not include the indirect cannery employment of several thousand jobs in the can-making plant, fishing boats, fish stevedores, net repair, fishing boat fuel and provisioning as well as busses, rental cars, hotels, fish observers, restaurants, shipyard, utility providers, stevedores, etc.

Starting in 2007, the number of tuna industry workers started to decline. By 2010, cannery employment was down approximately 66 percent compared to 2007. In the past 2-3 years, tuna industry employment has increased and about one-fourth of the lost jobs (i.e., 800 have been recovered). If Tri-Marine opens up a new tuna processing plant in 2013 with 500 workers, as expected, tuna industry employment will have achieved a recovery of about 50 percent. Tri-Marine has indicated that it hopes to be able to hire another 300 workers after evaluating the success of the new plant. The continued viability of the tuna industry in

American Samoa is dependent on many factors, including the minimum wage, cost of utilities, taxation matters, supply of fish, and of course global conditions. However, there is no doubt that the fisheries industry in some form will remain an important segment of American Samoa's economic base for the foreseeable future if properly cultivated. Nor is there doubt that the federal government has the power to severely debilitate that industry.

#### **Action Recommendations**

- a. Resolve US minimum wage issue
- b. Resolve US corporate tax incentive issue
- c. Locate suitable site for StarKist cold storage building
- d. Rebuild seawall to protect Tri-marine site
- e. Revive alia fleet (local fishing boats) for modern conditions
- f. Finance stretching of local longliners
- g. Develop or designate dock for longliners and alias
- h. Reclaim land on east side of harbor

## **2. Promote Visitor Industry Growth**

Although it has been 40 years since there was a significant tourism industry in American Samoa, many American Samoans believe tourism has the greatest potential for significant economic contributions in the future. A new approach got underway in 2009 with the creation of the public-private American Samoa Visitors Bureau and the commissioning of a Tourism Master Plan. Significant progress on several fronts (e.g., branding and external marketing, local training) has been made the past few years, but there are still many important improvements that need to be made.

### **Action Recommendations**

- a. Improve ongoing tourism training
- b. Increase number of cruise ship calls
- c. Implement components of Tourism Plan
- d. Ease restrictions on short-term visitors from Samoa
- e. Rebuild cable car and make Mt Alava improvements
- f. Develop yacht moorings and conveniences
- g. Invest in 100-ton lift for shipyard
- h. Construct visitor center
- i. Develop marina

## **3. Increase Viability of the eCommerce Sector.**

Since 2009, American Samoa has had a fiber optic connection to the global Internet backbone, but that connection has not yet resulted in significant new economic activity despite serious enquiries from several parties. A coordinated, focused effort is necessary to “close the deal” and launch an eCommerce industry in American Samoa.

### **Action Recommendations**

- a. Seek Bandwidth cost reduction or subsidy
- b. Form eCommerce Task Force to attract operators/investors
- c. Leverage opportunities provided by BLAST project

## **4. Increase Viable Import Substitution.**

Import substitution can have a beneficial effect on a local economy that is comparable to export activity. For example, a great deal of custom sewing is done in American Samoa, providing many jobs and reducing leakage of local funds. In addition to the financial benefit, American Samoa’s security and resilience is increased by local production of needed goods and services. There is a significant potential for American Samoa to provide more locally produced goods and services to replace expenditures that now primarily benefit off-island producers and leave the territory vulnerable to external disruptions. Food and education are two areas with great potential.

### **Action Recommendations**

- a. Provide occasional equipment services to farmers (e.g., tillers, bobcat)
- b. Subsidize feed and fertilizer
- c. Assist Manu’a fishing coop
- d. Assist Manu’a farming coop

- e. Develop roads to agricultural lands
- f. Develop west side market for fishermen and farmers.
- g. Replace imported labor with local labor
  
- a. Provide rental equipment to farmers (e.g., tillers, bobcat)
- b. Subsidize feed and fertilizer
- c. Assist Manu'a fishing and farming coop
- d. Develop roads to agricultural lands
- e. Develop west side market for fisherman and farmers
- f. Increase scholarship opportunities for high school students
- g. Replace imported labor with local labor

## **5. Increase Access to Capital and Assist Start-ups**

Investment capital is the fertilizer that enables economic plans to germinate and blossom. There are limited sources of investment capital in American Samoa and the lack of capital is a significant economic development constraint, especially for local entrepreneurs

### **Action Recommendations**

- a. Provide additional capital to Development Bank
- b. Develop incubator facility with commercial kitchen for fledgling enterprises

## **II. Business Constraints**

Constraints of concern are those which can be remedied by human initiative, as opposed to those that are fixed in some fashion by nature (distance, climate, hazards, etc.). In rough order of importance the factors that lend themselves to local initiative are transportation, labor, markets, industrial sites, utilities, government attitudes, tax structure, business climate, and community.

Where these issues constrain economic development, government or community can act to remove or ameliorate them. In general then:

1. It is the role of the private sector to identify and pursue opportunities.
2. It is the role of the public sector or the community to lessen or remove constraints to attaining those opportunities.

American Samoa has many assets, as shown above, but it also has many constraints that hinder economic development and private investment. Obviously, the territory's small size and remote location pose severe natural constraints about which little can be done. However, many factors influencing American Samoa's economic development can be influenced by human initiative. It is these that will be focused upon here.

One of American Samoa's greatest assets has been its political union with the US. American Samoa has benefited from exemptions from or special provisions in federal laws. Among them was an exemption from federal corporate taxes on repatriated profits from territorial operations (repealed); territorial duty free access to the US (less beneficial with lower tariffs); special minimum wage determination procedures (repealed); special marine transport law exemptions; and others.

Unfortunately, these US related economic development benefits have been eroding for decades. As indicated some have been repealed; some have been weakened. At the same time, some especially onerous US laws are applicable to American Samoa including the minimum wage law, commercial air service restrictions, and others. There is concern that local immigration and customs control in American Samoa could be federalized. This too could have severely adverse effects on the local labor availability and cost.

American Samoa as a US territory is part of the US federal system as explained in Chapter 1. It was also explained that American Samoa is unincorporated (not subject to all US Constitutional provisions) and unorganized (does not have a government approved by Congress). American Samoa is very different from the US economically, culturally, geographically and in many other respects. This has led to constraints emanating from federal laws and regulations that are grossly inappropriate for American Samoa.

Outlined below are the actions to deal with federal economic constraints, existing or potential, of greatest concern to American Samoa.

## **1. Federal Government**

### **Action Recommendations**

- a. Resolve the US minimum wage issue in American Samoa
- b. Resolve US Corporate tax incentive policies toward American Samoa
- c. Seek formal American Samoa voice in US trade and other key policy areas
- d. Remove prohibition against foreign air carrier service between US and American Samoa
- e. Retain American Samoa Government control of immigration system
- f. Seek US political status goals and policy principles for American Samoa
- g. Seek a general federal policy for the territories
- h. Seek federal-territorial economic reforms through possible establishment of a formal political status for American Samoa
- i. Seek permanent political status for economic stability
- j. Seek avenues for modifying federal environmental laws and regulations applicable to American Samoa

## **2. Improve Territorial business climate (including capacity building)**

Business climate constraints present a significant barrier to green-lighting new investment, by both off-island and local investors. The strategies below address the constraints most often identified by knowledgeable members of the private and public sectors.

### **Action Recommendations**

- a. Create an office dedicated exclusively to economic development
- b. Revise immigration law, policy and procedures to better accommodate business labor requirements
- c. Revise tax laws to reduce uncompetitive high tax rates
- d. Strengthen higher education to encourage technological advancement
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes
- f. Help businesses find suitable land to meet their requirements
- g. Revise incorporation laws to make them more convenient and flexible
- h. Revise business license law and procedures to ease burden on business

- i. Explore privatization of government functions/authorities
- j. Elevate Chamber of Commerce role as an economic development partner
- k. Consider reconstituting Governor's Economic Advisory Council
- l. Improve local health care facilities and services
- m. Improve education and job readiness
- n. Increase scholarship opportunities for high school students

### **III. Business Infrastructure**

#### **1. Fisheries Industry Infrastructure**

##### **Action Recommendations**

- a. Develop or designate a dock for longliners and alias
- b. Invest in seawall rebuilding to protect fish processing facilities
- c. Invest in cold storage facilities

#### **2. Visitor Industry Infrastructure**

##### **Action Recommendations**

- a. Rebuild Cable Car and make Mt Alava improvements
- b. Develop yacht moorings and conveniences
- c. Invest in 100-ton lift for Shipyard
- d. Construct visitor center
- e. Develop marina

#### **3. Improve internal and external transportation of people and goods**

There are few communities as dependent on good transportation options as American Samoa, which is a remote island group located thousands of miles away from the source of the imports upon which it relies, markets for the goods it exports, major population centers, and the rest of the nation to which it belongs. Internally, many American Samoa's workers and students depend on the private bus system for commuting.

##### **Action Recommendations**

- a. Implement high priority elements of the Airport Master Plan
- b. Implement Air Transport Study Recommendations (slated for 2013 completion)
- c. Maintain private aiga bus system

Please see Appendix C for specific Action Recommendation details.

## Chapter 6 - Plan of Action

The requirement for Chapter 6 is to demonstrate how the CEDS Plan of Action implements the goals and objectives. At the same time, it is to describe how the CEDS promotes economic development and opportunity in a manner that

1. Fosters effective transportation access
2. Enhances and protects the environment
3. Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy
4. Promotes the use of technology in economic development, including access to high-speed telecommunications
5. Balances resources through sound management of physical development
6. Obtains and utilizes adequate funds and other resources

The CEDS must also contain a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities. This is essentially accomplished as the CEDS is American Samoa's economic development plan.

**Table \_\_**  
**How the Plan of Action Implements the CEDS Goals and Objectives**

<b>Project, Program or Action</b>	<b>Goal 1 Income and Production</b>	<b>Goal 2 Diversity/Opp portunity</b>	<b>Goal 3 Human Resources</b>	<b>Goal 4 Preserve Environs</b>	<b>Goal 5 Cultural Desires</b>
<b>I. Business Expansion</b>					
<b>1. Fisheries Industry</b>					
a. Solution to the minimum wage issue	x		x		
b. Resolve US corporate tax incentive	x		x		
c. StarKist cold storage building	x				
d. Seawall rebuilding (Tri-marine)				x	
e. Revive alia fleet		x			x
f. Stretching of local longliners		x			
g. Longliners and alias dock	x	x			
h. Reclaim land on east side of harbor		x		x	
<b>2. Visitor Industry</b>					
a. Improve tourism training		x	x		x
b. Increase cruise ship calls					
c. Implement Tourism Plan	x	x			
d. Rebuild Cable Car					
e. Ease restrictions on Samoa visitors	x				x
f. Yacht moorings and conveniences	x	x			
g. Invest in 100-ton lift for Shipyard	x	x			
h. Construct Visitors Center	x				x
i. Develop marina	x	x		x	
<b>3. Promote ecommerce</b>					
a. Bandwidth cost reduction	x	x			
b. eCommerce Task Force	x	x			
c. Leverage BLAST project	x	x			

Continued					
Project, Program or Action	Goal 1 Income and Production	Goal 2 Diversity/Opp portunity	Goal 3 Human Resources	Goal 4 Preserve Environs	Goal 5 Cultural Desires
<b>4. Import Substitution</b>					
a. Provide rental equipment to farmers	x	x			x
b. Subsidize feed and fertilizer	x	x			
c. Manu'a fishing coop	x	x	x		x
d. Manu'a farming coop					
e. Develop roads to agricultural lands	x	x			
f. West side market for fish and farmers	x		x		x
g. Replace imported labor with locals	x		x		
<b>II. Business Constraints</b>					
<b>1. Federal Government Constraints</b>					
a. Resolve US minimum wage issue	x	x	x		
b. Resolve US corporate tax policies	x	x	x		
c. Voice in US trade policy	x	x	x		
d. Resolve US cabotage issue	x	x			
e. Retain ASG control over immigration	x	x	x		
f. Encourage US territorial policy	x	x	x		x
g. General US policy needed	x	x	x		x
h. Consider political status change	x	x	x		x
i. Seek permanent political status	x		x		x
j. US environmental laws and regs				x	x
<b>2. Business Climate</b>					
a. Exclusive economic office	x	x	x		
b. Improve immigration law	x	x	x		x
c. Remedy high tax rates	x				
d. Strengthen higher education	x	x	x		
e. Revise tax incentive law	x	x			
f. Help businesses find land	x	x			x
g. Ease corporate formation	x	x			
h. Revise business license law	x	x			
i. Explore privatization		x			
j. Chamber role in development	x	x			
k. Reconstituting GEAC	x	x	x		
l. Improve local health care			x		x
m. Education and job readiness	x	x	x		
n. Increase scholarship opportunities	x		x		
<b>III. Business Infrastructure</b>					
<b>1. Fisheries Industry</b>					
a. Dock for longliners and alias	x	x			
b. Rebuild cannery seawall	x	x	x		
c. Cold storage facilities	x	x	x		
<b>2. Visitor Industry</b>					
a. Rebuild cable car	x	x	x		
b. Yacht moorings and conveniences	x	x			
c. Invest in 100-ton lift for shipyard	x	x			
d. Construct visitors center	x	x			x
e. Develop marina	x	x		x	

Continued					
Project, Program or Action	Goal 1 Income and Production	Goal 2 Diversity/Opp portunity	Goal 3 Human Resources	Goal 4 Preserve Environ	Goal 5 Cultural Desires
<b>3. Improve internal/external transport</b>					
a. Execute Airport master plan	x		x		
b. Execute air transport service study	x	x	x		
c. Maintain aiga transit system	x			x	

**Table \_\_**  
**How the Plan of Action Implements the CEDS Goals in a Manner that Achieves the Following**

Project, Program or Action	Effective Transport Access	Enhances Protects Environ- ment	Maxim- izes Use of Labor	Promotes Advanced Techno- logy	Balances Physical Resour- ces	Adequate Funds or Resour- ces
<b>I. Business Expansion</b>						
<b>1. Fisheries Industry</b>						
a. Solution to the minimum wage issue			x	x		x
b. Resolve US Corporate tax credit			x	x		
c. StarKist cold storage building	x			x		x
d. Seawall rebuilding (Tri-marine)	x	x			x	x
e. Revive alia fleet			x		x	
f. Stretching of local longliners			x	x		x
g. Longliners and alia dock	x	x	x			
h. Reclaim land on east side of harbor	x	x			x	
<b>2. Visitor Industry</b>						
a. Improve tourism training			x	x		
b. Increase cruise ship calls	x		x			
c. Implement tourism plan	x	x	x			
d. Ease restrictions on Samoa visitors			x			
e. Rebuild cable car	x		x	x		
f. Yacht moorings and conveniences	x	x	x			
g. Invest in 100-ton lift for shipyard			x	x		x
h. Construct visitors center	x			x		x
i. Develop marina	x	x		x		x
<b>3. Promote ecommerce</b>						
a. Bandwidth cost reduction				x		x
b. eCommerce Task Force			x	x		
c. Leverage BLAST project			x	x		
<b>4. Import Substitution</b>						
a. Provide rental equipment to farmers		x	x			
b. Subsidize feed and fertilizer			x	x	x	
c. Manu'a fishing and farming coop	x		x		x	
d. Develop roads to agricultural lands	x		x		x	
e. West side fish/produce market	x		x		x	
f. Increase scholarship opportunities			x			x
g. Replace imported labor with locals		x	x			

Continued						
Project, Program or Action	Effective Transport Access	Enhances Protects Environment	Maximizes Use of Labor	Promotes Advanced Technology	Balances Physical Resources	Adequate Funds or Resources
<b>II. Business Constraints</b>						
<b>3. Federal Government Constraints</b>						
a. Resolve US minimum wage issue			x	x		
b. Resolve US corporate tax policies			x	x		
c. Voice in US trade policy			x	x		
d. Resolve US cabotage issue	x					
e. Retain ASG immigration control			x	x	x	
f. Encourage US territorial policy			x	x	x	
g. General US Policy Needed			x	x	x	
h. Consider political status change			x	x	x	
i. Seek permanent political status			x	x	x	
j. US environmental laws and regs		x		x	x	
<b>4. Business Climate</b>						
a. Exclusive economic office			x	x	x	
b. Improve immigration law		x	x		x	
c. Remedy high tax rates			x	x	x	
d. Strengthen higher education			x	x	x	x
e. Revise tax incentive law			x	x	x	
f. Help businesses find land	x	x	x			
g. Ease corporate formation			x	x	x	
h. Revise business license law	x	x	x			
i. Explore privatization			x	x		
j. Chamber role in development			x	x		x
k. Reconstituting GEAC			x	x		x
l. Improve local health care		x	x			
m. Education and job readiness			x	x		
n. Increase scholarship opportunities			x	x		
<b>II. Business Infrastructure</b>						
<b>1. Fisheries Industry</b>						
a. Dock for Longliners and Alias	x	x	x			
b. Rebuild Cannery Seawall	x	x	x			
c. Cold Storage plant	x	x			x	x
<b>2. Visitor Industry</b>						
a. Rebuild cable car		x	x	x		x
b. Yacht moorings and conveniences		x			x	x
c. Invest in 100-ton lift for shipyard	x	x		x		
d. Construct visitors center		x	x			
e. Develop marina	x	x	x			
<b>3. Improve internal/external transport</b>						
a. Execute Airport master plan	x			x	x	
b. Execute air transport service study	x			x	x	
c. Maintain aiga transit system	x				x	

## **Chapter 7 - Performance Measures**

This chapter lists the performance measures that will be used to evaluate ASG's successful development and implementation of the CEDS including:

1. Number of jobs created after implementation of the CEDS;
2. Number and types of investments undertaken in the region;
3. Number of jobs retained in the region;
4. Amount of private sector investment in the region after implementation of the CEDS; and
5. Changes in the economic environment of the region.

As referenced in Chapter 1 American Samoa has much less solid economic information than do the states and some other US territories. While there is data on employment, it is not as valuable as that available in the States, most of which the states are required to collect as a part of the Unemployment Insurance program.

Employment data in the US is collected monthly; in American Samoa it is only collect annually. In addition, the US conducts monthly labor force surveys which produce information on unemployment. American Samoa does not have this capability.

However, this CEDS contains an action recommendation to work more closely with the US Department of Labor to provide better employment, unemployment and labor force information for American Samoa.

American Samoa has had success in working with the US Department of the Interior and the US Department of Commerce, Bureau of Economic Analysis in the preparation of Gross Domestic Product estimates for the territory. They are now available for 2002-2009.

From this data base, American Samoa will add to the performance measure such income, expenditures, government, investment and other economic indices and trends

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## Appendix A

### American Samoa Political Status Review

**Federal intervention in American Samoa's economy** – It is clear from Chapter 1 that American Samoa's economy has been adversely affected by actions of the federal government. These actions have included subjecting American Samoa to the US minimum wage, international trade policy, tax policy and others. Future actions could include applying US immigration and customs law on American Samoa which had seriously adverse effects upon another US territory (CNMI). It is not that these concepts are inherently damaging. It is that they are applied in a manner and to an extent that they are severely damaging to American Samoa's economy which on a per capita basis is only about one fifth the size of the US economy.

US Congressional authority is clear. Article IV, Section. 3 states

“The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.”

This language has led one legal services group to state that

“In the territories, Congress has the entire dominion and sovereignty, national and local, and has full legislative power over all subjects upon which a state legislature might act. It may legislate directly with respect to the local affairs of a territory or it may transfer that function to a legislature elected by the citizens thereof, which will then be invested with all legislative power except as limited by the Constitution of the United States and acts of Congress.”<sup>12</sup>

The latter portion of this quote refers to organic legislation under which Congress delegates power to a territory except as limited by the US Constitution or Acts of Congress. Hence, formal political status requires an act of Congress describing the responsibilities and authorities of the Congress and the territories.

To date Congress has granted no formal political status to American Samoa. Instead American Samoa operates under a 1929 law accepting the 1900 and 1904 American Samoa's Deeds of Cession. Title 48 U.S.C. Section 1661 (c) states:

“Until Congress shall provide for the government of such islands (American Samoa), all civil, judicial, and military powers shall be vested in such person or persons and shall be exercised in such manner as the President of the United States shall direct; and the President shall have power to remove said officers and fill the vacancies so occasioned.”

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<sup>12</sup> Justia US Law <http://law.justia.com/constitution/us/article-4/27-congress-power-over-territories.html>

While not dealing with organic legislation per se, Congress has passed laws affecting American Samoa including the establishment of a nonvoting Delegate to the House of Representatives for American Samoa. At Congress's urging, the Secretary of Interior issued an order to provide for an elected Governor and Lieutenant Governor in American Samoa.

While most of these laws have been very beneficial to American Samoa's development, the potential for economic disaster is manifest as has been demonstrated in American Samoa as well as the Commonwealth of the Northern Marianas.

This issue has been included under Goal Five (Cultural Aspirations) primarily because one of the greatest concerns over the years has been how any change or formalization of American Samoa's political status might affect its culture, specifically the lands and titles system.

American Samoan attitudes toward changing their political status have remained remarkably stable over the years including the most recent report of the 2007 American Samoa Future Political Status Commission.<sup>13</sup>

The following is a statement from an American Samoa Second Future Political Status Commission in 1979:<sup>14</sup>

“The Commission is fully aware that the world cannot be kept away from American Samoa. Neither can American Samoa continue to stand apart forever from the rest of the world. New ideas cannot and must not be suppressed.... The Commission chooses to view it as the inevitable result of social change, which should neither be thoughtlessly embraced nor opposed. The new and the old must be mixed in a suitable blend. By retaining the fundamental principles of the old system and accepting a new, more democratic, political structure, American Samoa can gracefully become a part of the modern world, without casting its rich and long established heritage aside.”

American Samoa's Constitution (Section 3) makes it the policy of the government:

“(To) protect persons of Samoan ancestry against alienation of their lands and the destruction of the Samoan way of life and language, contrary to their best interests. Such legislation as may be necessary may be enacted to protect the lands, customs, culture and traditional family organization of persons of Samoan ancestry and to encourage business enterprise by such persons....”

In 1986 American Samoa's Constitutional Review Committee recommended adding the following language to Section 3 of the American Samoan Constitution:

“No new small business in whatever form, except businesses not in direct competition with existing businesses owned and operated by persons born of American Samoan ancestry, shall be permitted to engage in business in American Samoa unless the majority ownership and control of such business is vested in persons of American Samoan ancestry.”

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<sup>13</sup> Final Report: The Future Political Status Study Commission of American Samoa, January 2, 2007.

<sup>14</sup> Report from The Second Future Political Status Study Commission to the Governor of American Samoa and the Sixteenth Legislature of American Samoa, September 14, 1979.

This amendment was never enacted. The issue is raised because it remains a concern of American Samoans, and it has not been dealt with to any extent except for periodic court cases that have not been conclusive. It is important to economic development because, if economic development is seen as a threat to people, they are not likely to pursue it very aggressively.

American Samoa's 2007 Political Status report in many ways confirmed the finding of previous political status study commission reports.

It stated (page 42) that

“The Samoan public, from leaders to the rank and file, both on and off-island, overwhelmingly emphasized two major points.

- (a) American Samoa must remain part of the American family of states and territories;
- (b) be certain that a chosen status will not adversely affect customs and culture, and the perpetuation of the Samoan language.”

Nevertheless, the Commission's main recommendation is that

“American Samoa shall continue as unorganized and unincorporated territory *and that a process of negotiation with the US Congress for a permanent political status be negotiated.*” (Emphasis added.)

This is new ground for American Samoa. While there remains a preference for the “status quo” there is recognition that American Samoa's political status is changed with the passage of time and every federal law that applies to it. Hence, there is a need to negotiate a permanent political status with the US.

The idea of a political status quo in American Samoa may be a misconception given the power of Congress over the territories. There can be no such thing as a political status quo where the US Congress can create legislation affecting American Samoa's political status at its pleasure. In other words the political status quo in American Samoa is what the US Congress says it is whenever it decides. This is US law. It is specified in the US Constitution.

In fact the 2007 Future Political Status Commission pointed out that a specially tailored Act of Congress could retain the present political status and could reaffirm the special protective provisions for land and titles in the American Samoa Constitution.

There is much else of interest in this 2007 Political Status report. However, the recommendation that a process of negotiation with the US Congress for a permanent political status be initiated is among the most important from an economic development point of view.

**The United Nations Special Committee on Decolonization** - There is one more factor that might influence this process. It is called the UN Decolonization process.<sup>15</sup> There have been some recent developments on this as well in recent years.

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<sup>15</sup> The United Nations and Decolonization. [http://www.un.org/en/decolonization/questions\\_answers.shtml](http://www.un.org/en/decolonization/questions_answers.shtml)

In 1945 much of the world was made up of colonies and dependent territories ruled by a small number of colonial powers. The Charter of the United Nations proclaimed "the respect for the principle of equal rights and self-determination of peoples" as one of its basic purposes. Self-determination means that the people of a colony or a dependent territory decide about the future status of their homeland.

In the following decades, more than 80 colonial or non-self-governing territories became independent as a result of self-determination. Other territories chose free association, or integration with an independent state.

The UN still follows developments in the 16 non-self-governing territories that remain on its list several of which are US territories, including American Samoa. The UN body that oversees this work is the Special Committee on Decolonization (or the Committee of 24),

The Special Committee on Decolonization:

1. Follows developments in the remaining 16 territories
2. Sponsors annual discussions of issues of concern to the peoples of the territories
3. Hears petitioners from the territories or others
4. May send visiting missions to territories to advance the decolonization process
5. Provides information regarding assistance from UN agencies to territories
6. Recommends that a territory be removed from the decolonization list.

The Special Committee on Decolonization can help territories in a number of ways. It can lead them to sources of UN technical assistance. It can help design a program to work out a political status suitable to the US and American Samoa.

The options are generally those that have been employed in the past since the end of the Second World War as referenced above. They are three or variations thereof.

1. **Free Association** is akin to the Compact arrangement negotiated with former US administered UN mandate colonies in the Pacific
2. **Integration** with the administering power or another independent State on the basis of complete equality between the peoples of the non-self-governing territory and those of the independent State
3. **Independence** represents unconditional separation from the administering power.

However, in 1970, a legal committee of the General Assembly stated that, in addition to these three options, the emergence into any other political status, as long as it is freely determined by a people, can also be considered a way of implementing the right of self-determination by that people.

This is language that perfectly meets the needs of American Samoa and would likely satisfy the US as well. In some respects both parties must be agreeable to such a process. There is nothing in the UN Charter that gives it any authority to dictate anything to the US concerning the decolonization process as unfortunate and misleading as that term might be.

There are a series of basic steps to initiate and navigate this process towards self-determination that is unnecessary to go into at this point. The important point is that this is a ready-made and

convenient process that the US and American Samoa might consider to advance their political status objectives.

Historically, the US and American Samoa have taken the position that American Samoa's case does not fit the UN decolonization process and that American Samoa should be removed from the decolonization list. The US has maintained that the status of the Insular Areas regarding their political relations with the federal Government was an internal United States issue, and not one that came under the purview of the Special Committee. The US also indicated that

“in accordance with its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to the economic, social and educational conditions, the federal Government did submit annual updates on United States Territories to the Special Committee as a demonstration of United States cooperation as an administering Power...”<sup>16</sup>

Governor Togiola in an address to the Special Committee on Decolonization<sup>17</sup> expressed concern about future arbitrary action by the US Congress that could have devastating effects on American Samoa's political advancement and its economy. He stated that nothing has been done to prevent such in the future. Other Federal actions have and could in the future cause serious problems for American Samoa including tax policy, international trade, regulation, and customs and immigration.

The Governor expressed concern that American Samoa could benefit greatly from the experience, expertise and programs of the United Nations in dealing with insular area economies, non-self-governing territories and economic development in general. He stated that

“We are Americans. Our relationship with the United States goes back 110 years and is responsible for our citizens' overwhelming sense of patriotism toward the US. American Samoa has one the highest rates of enlistment per capita for the US armed forces. We enlist not only because of the excellent opportunities that the military offers for education, training and career, but also for our keen sense of loyalty to the US for their treatment of our people and the care that has been provided to our Territory over the years.... Like every state or territory in our union, we regard it as our right, indeed our duty, as Americans to stand up for our interests and democratic government. That is the American way.”

American Samoa's US Congressman Faleomavaega has stated that it is time for the territory to look at options for becoming more autonomous.<sup>18</sup> He has welcomed recent calls made by American Samoa's Governor for the territory to review its relationship with the United States and look at options to become more independent, including a Compact of Free Association agreement.

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<sup>16</sup> United Nations A/AC.109/2011/12 General Assembly Distr.: General 7 March 2011 Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, Page 11.

<sup>17</sup>Written Statement of American Samoa Government for the Honorable Togiola T.A. Tulafono, Governor By Lelei Peau, Deputy Director of Commerce. A United Nations Caribbean Seminar on the Eradication of Colonialism Kingstown, Saint Vincent and the Grenadines, 31 May to 2 June 2011.

<sup>18</sup> Radio Australia News. American Samoa's congressman is calling for a review of the status of the territory. [AFP: Torsten Blackwood] <http://www.radioaustralianews.net.au/stories/201205/3505485.htm?desktop>

It was reported that some chiefs and community leaders were unhappy with the comments. They say it was made clear in a 2010 constitutional review that American Samoans didn't want to change from their present status. Congressman Faleomavaega stated that people should be open to discussion about the options for becoming more independent.

Finally, there is concern about getting this issue dealt with adequately by Congress given its enormous schedule and work load. For example, the only way Congressman Faleomavaega was able to get a bill to defer minimum wage increases for two years, was to agree to strip out portions of the bill providing political status grants and assistance for American Samoa and other territories.<sup>19</sup>

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<sup>19</sup> Faleomavaega Provides Update Regarding Unanimous Consent Request for Minimum Wage Delays. Washington DC. August 6, 2010.

## Appendix B

### Instruments for CEDS Public Outreach

This appendix includes five items related to the public outreach used during the preparation of the 2012 version of the CEDS:

1. Press Release.
2. Newspaper ads seeking input.
3. Online survey to receive input.
4. Information packet sent to each interviewee (press release and questions).
5. Roster of interviewees.

#### **PRESS RELEASE, MAY 3, 2012**

*(For further information, please contact Acting Director of Commerce, Lelei Peau, 633-5155.)*

The Department of Commerce and the Territorial Planning Commission is undertaking the first major revision of American Samoa's Comprehensive Economic Development Strategy (CEDS) in more than a decade. This strategy is required by the U.S. Economic Development Administration (USEDA) to qualify American Samoa for economic development grants and technical assistance.

Over the last 40 years the US Economic Development Administration has helped finance key economic development projects in American Samoa including the Fagatogo Marketplace, the renovation of Lee Auditorium, the Industrial Park, Port facilities, and basic infrastructure (water, sewer and road projects).

This planning process provides an opportunity for American Samoa's public and private sector to take a fresh look at how economic development can be encouraged in the territory and to provide the rationale for federal financial support for major projects that can help create jobs.

Research will be conducted on local economic conditions and trends. It will include interviews with a wide range of leaders in the private and public sectors to gather insights into the problems and opportunities that must be addressed. It will also consider goals and objectives, specific projects and programs and performance measures to track progress.

It is a very opportune time for American Samoa to undertake this CEDS review. Its economic future is clouded by international economic uncertainty and concerns about rising minimum wage levels in and future Federal funding for American Samoa.

A draft of the CEDS will be submitted to the Territorial Planning Commission later this year before being finalized and submitted to the USED A, which is funding the \$60,000 planning effort.

Malcolm McPhee and Lewis Wolman were selected for this work following a competitive bid process. They also authored the prescient 2007 report on American Samoa's economic future and the cannery industry which permitted American Samoa to get a head start on recovery from the cannery closure in 2009.

McPhee is a professional economist with extensive Pacific Island experience. Lewis Wolman, a former executive at Samoa News and Blue Sky Communications, has served as past president of the American Samoa Chamber of Commerce and is now the Chamber's vice-chairman.

**NEWSPAPER ADVERTISEMENT**

Published in Samoa News on May 16, 17, 18, 19, 21, 23, 25, 26, 29, 31 and June 1.

What are some GREAT ideas for improving the American Samoa economy?

The team that is updating American Samoa's Comprehensive Economic Development Strategy would like to hear your ideas for how we can create jobs and improve American Samoa's economy.

To submit your ideas online, visit our website: <http://tiny.cc/ooxbew>

To be interviewed about your great ideas, write: [ceds2012@gmail.com](mailto:ceds2012@gmail.com) or call 633-4790 (ask for Lewis).

*The privacy of all respondents will be respected.  
All responses will be treated as confidential.*

## THE ONLINE SURVEY

### American Samoa Economic Development Strategy Update

We welcome your ideas for helping create more jobs in American Samoa. This simple survey is your chance to be part of the community effort to develop a stronger economy. YOUR ANSWERS WILL BE CONSIDERED CONFIDENTIAL.

The Department of Commerce and the Territorial Planning Commission are updating American Samoa's Comprehensive Economic Development Strategy (CEDS).

This strategy is required by the U.S. Economic Development Administration (USEDA) to qualify American Samoa for millions of dollars of economic development grants.

As part of the update, the government has hired a contractor to gather ideas from a wide range of people about how to create more jobs in American Samoa. THE COMMENTS YOU PROVIDE IN THIS SURVEY WILL BE HELD IN CONFIDENCE BY THE CONTRACTOR.

A draft of the CEDS will be submitted to the Territorial Planning Commission later this year before being finalized and submitted to the USED A.

If you are interested in learning more about this project, please write "ceds2102@gmail.com" or contact Lasiandra Hall at the A.S. Department of Commerce (633-5155).

[Start Survey!](#)

### American Samoa Economic Development Strategy Update

1. What sort of economic activity do you think can be developed here that creates new jobs?

[Submit](#)

## American Samoa Economic Development Strategy Update

2. What is holding American Samoa back from realizing our full economic development potential?

Submit

## American Samoa Economic Development Strategy Update

3. What projects would be truly helpful in helping encourage economic development?

Submit

## American Samoa Economic Development Strategy Update

4. What changes to American Samoa's laws, policies, attitudes, etc. would be truly helpful in helping encourage economic development?

Submit

## American Samoa Economic Development Strategy Update

5. Would you like to be contacted for an in-depth interview concerning economic development in American Samoa?

- Yes (please provide contact information on the following page)
- No.

Submit

## American Samoa Economic Development Strategy Update

### 6. Name and contact information (optional)

Name   
Company or organization   
Telephone   
Telephone (mobile)   
Email Address

Submit

### INFORMATION PACKET

#### **Comprehensive Economic Development Strategy (CEDS)**

*Interview with Lewis Wolman of Malcolm McPhee and Associates, working for the Dept of Commerce and Territorial Planning Commission*

Lewis Wolman, 633-4790, ceds2012@gmail.com

Department of Commerce Liaison: Lasiandra Hall, 633-5155

[First page of packet is the press release found earlier in this document]

*NOTE: The phrase: “economic development” specifically refers to export-oriented job creation and economic activity, as opposed to local commerce which provides goods and services for residents.*

*Providing goods and services to the resident population is a very important part of American Samoa’s private sector, but the focus of the CEDS is on export-oriented or import-substitution economic development that brings more new dollars into the territory and/or keeps more dollars already here from leaking out.*

*There are two kinds of local economic activity that are the kind of economic development we are trying to encourage.*

*First, the visitor/tourism industry is considered an export activity because the dollars spent by visitors are new dollars from outside.*

*The second local economic activity we are trying to encourage is “import substitution”. That phrase refers to local consumers buying something produced in American Samoa that would otherwise have to be imported. Thus it is a form of economic development when a local*

*consumer buys Tilapia from a local fish farmer instead of spending their money on imported food goods.*

1. What sort of economic activity can be developed here that creates new jobs (export or import substitution)?
2. What is holding us back from realizing our full economic development potential?
3. What projects (that USEDA might fund) would be truly helpful in helping encourage economic development?
4. What changes to our laws, policies, attitudes, etc. would be truly helpful in helping encourage economic development?
5. In thinking about economic development, what are your thoughts concerning the Manu'a islands (consider a 5-10 year timeframe)?
6. Please comment on which of the following economic activities you think should be a high priority as American Samoa pursues economic development.  
*(If you prefer a different activity, please indicate).*

- Tourism
- Marina
- Agriculture
- Aquaculture
- Information processing/eCommerce/call centers
- Manufacturing/assembly
- Tuna canneries
- Cannery- and fleet-related support
- Improving general business environment (e.g., taxes, regulation, political status, immigration, land rules, leasing of government land)

7. Are there any other comments you would like to make?

QUESTION FOR PRIVATE BUSINESSES:

What have the last 3 years been like in your business as you have dealt with minimum wage increases, Samoa Packing closure, StarKist shrinking, increase in cruiseship calls, influx of federal funding such as NEG, ARRA, FEMA, 1602, other...)

QUESTIONS FOR ASG OFFICIALS:

1. Please help us learn and document what is going on in the government that is relevant to economic development. E.g., programs, projects, legislation, regulation, infrastructure, projections of needs, budgets, expansion plans, MOUs, etc. We are interested in what is going on in each sector (e.g., agriculture, tourism, fisheries), as well as what is going on that transcends a sector-by-sector breakout.
2. We also need your help creating a baseline description of existing infrastructure capacity and prospects for meeting future infrastructure demands.  
*(As appropriate, discuss details, such as a full description, costs, benefits, investment needs, employment potential, specific constraints, barriers, execution, regulatory changes, legislative changes, policy changes, etc.)*

## ROSTER OF INTERVIEWEES

<i>NAME</i>	<i>AFFILIATION</i>
Howard Helg	VCX Wireless, Pago Plaza Management, iPasefika, Video Plaza, Chamber of Commerce
Ethan Lake	Origin Energy, Chamber of Commerce
Aaron Forsgren	Forsgren's
Lydia Faleafine-Nomura	U.S. Department of Interior
Sione Kava	American Samoa Petroleum Cooperative
Carlos Sanchez	American Samoa Shipyard Authority, Longliner Fishing Services
Brett Butler	StarKist Samoa
Jason Betham	Development Bank of American Samoa
Wally Thompson	Mariner
Dan King	CPA, Attorney
Aliimau JR Scanlan	Former Director of Commerce
Chris King, Peter Lefiti	Department of Port Administration
Ray Tulafono	Department of Marine and Wildlife Resources
Dave Haleck	Haleck Enterprises
Roy JD Hall, JR	Attorney, American Samoa Visitors Bureau Board Chair
Peter James	ARRA program, Governor's Office
Mel Purcell, Peter Gurr	Department of Agriculture
Easter Bruce and staff	Information Technology Division
David Vaeafe	American Samoa Visitors Bureau
David Robinson	Chamber of Commerce, Impex, Governor's Economic Advisory Council
Puleleiite Tufele	Manu'a Agriculture Coop
Dan Sullivan, Alfonso Pete Galeai	Samoa Tuna Processors
Adolfo Montenegro	Blue Sky Communications
Hobbs Lawson	Bank of Hawaii
Evelyn Langford and staff	Department of Human Resources
Mapu Jamais	Maliu Mai, JROTC, Army Reserve, ASNOC
Steve Watson	Amerika Samoa Bank
Herb Thweatt	Small Business Development Center
Mark Hunsacker	CPA, Businessman
Steve Gibbons	National Park Service
Magalei Logovii, Toetasi Tuiteleapaga, Falema'ō Phil Pili, Malemo Tausaga	Department of Treasury, Governor's Office, Territorial Office of Fiscal Reform, Capital Improvements Project, Budget Office
Lelei Peau, Lasiandra Hall, Alex Zodiagal, Ma'u Alipate-Leha	Department of Commerce
JD Hall	American Samoa Telecommunications Authority

Michael McDonald, Paula Stevenson-McDonald, Dennis Kanahale	Native Hawaiian Holding Corporation
Chamber of Commerce Board of Directors	Chamber of Commerce
Reupena Tagaloa	Territorial Energy Office

## Appendix C

### Detailed Strategic Projects, Programs and Activities from Chapter 5

This chapter identifies projects, programs and activities that will implement the goals and objectives of the CEDS. It will do this by designing actions that take advantage of economic development opportunities identified in Chapter 2. At the same time, it will design actions to reduce the constraints to economic development identified in in the same chapter.

These actions are in three basic categories

- I. Business Expansion
- II. Business Climate
- III. Business Infrastructure

There are a series of project, program or actions listed under each category, each with a short explanatory narrative and tabular material identifying the problem, the desired outcomes, responsible organizations, the estimated costs, possible sources of funding and other pertinent information.

#### I. Business Expansion

##### 1. Retain and Expand Tuna Industry Employment

- a. Resolve US minimum wage issue
- b. Resolve US corporate tax incentive issue
- c. Locate suitable site for StarKist cold storage building
- d. Rebuild seawall to protect Tri-marine site
- e. Revive alia fleet (local fishing boats) for modern conditions
- f. Finance stretching of local longliners
- g. Develop or designate dock for longliners and alias
- h. Reclaim land on east side of harbor

<b>1a. Resolve US minimum wage issue</b>	
<b>Problem</b>	The resumption of \$.50/hour annual increases in the minimum wage starting in 2015 is likely to cause a decrease in tuna industry employment.
<b>Desired outcome</b>	Prevent rapid increases in federally mandated minimum wage and give employers and investors a clearer picture of what the future will hold. Urge legislative procedures for determining the minimum wage for American Samoa.
<b>Project</b>	Persuade Congress to accommodate unique circumstances of American Samoa.
<b>Cost</b>	\$0
<b>Lead organization</b>	Congressman's Office, Governor's Office
<b>Other organizations</b>	TBD <sup>20</sup>
<b>Funding source</b>	TBD
<b>Start year</b>	Immediate
<b>Duration</b>	Ongoing

<sup>20</sup> To be determined

<b>1b. Resolve US corporate tax incentive issue</b>	
<b>Problem</b>	The tax credits under section 936 of the Internal Revenue Code expired for taxable years beginning after December 31, 2005. Section 30A of the Internal Revenue Code extends the Section 936 credits for American Samoa until January 1, 2012, subject to certain limitations. Corporations that were actively conducting business in American Samoa by 1995 who elected Section 936 status in the last taxable year before January 1, 2006, can claim a section 30A tax credit for taxable years that begin before January 1, 2012. StarKist's tenure in American Samoa may depend on the extension of this of this tax incentive beyond 2012.
<b>Desired outcome</b>	Extension of 30A tax credits for American Samoa indefinitely.
<b>Project</b>	Political efforts to persuade Congress to accommodate unique circumstances of American Samoa.
<b>Cost</b>	\$0
<b>Lead organization</b>	Congressman's Office, Governor's Office
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	Immediate
<b>Duration</b>	Ongoing

<b>1c. Locate suitable site for StarKist cold storage building</b>	
<b>Problem</b>	StarKist does not have space for building on its present site.
<b>Desired outcome</b>	Suitable site made available to StarKist for lease.
<b>Project</b>	Work with StarKist and affected parties to identify site.
<b>Cost</b>	\$0 (first phase)
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	Other agencies, StarKist, possible federal involvement
<b>Funding source</b>	\$0 (first phase)
<b>Start year</b>	Immediate
<b>Duration</b>	Six months

<b>1d. Rebuild seawall to protect Tri-marine site</b>	
<b>Problem</b>	Repairs need to be made to the existing seawall that protects publicly owned reclaimed land leased to Tri-Marine.
<b>Desired outcome</b>	Fifty more years of protection for valuable reclaimed public land.
<b>Project</b>	Revetment work
<b>Cost</b>	\$5 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	Army Corps of Engineers (permit pending)
<b>Funding source</b>	USEDA, Tri-Marine, WesPac
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>1e. Revive alia fleet (local fishing boats) for modern conditions</b>	
<b>Problem</b>	Although alias have a dock, a market, and an exclusive fishing zone, there are very few alia still active, and thus there are few local fishermen earning a living fishing.
<b>Desired outcome</b>	Outfit alias so they can go out for longer trips and meet the requirements of Tri-Marine for high value fresh fish.
<b>Project</b>	Finance a private entity to develop a “mother ship” to help alias spend overnight at sea in a safe manner, also providing ice and other needs for multi-day trips.
<b>Cost</b>	TBD
<b>Lead organization</b>	Development Bank.
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1f. Finance stretching of local longliners</b>	
<b>Problem</b>	Only a finite number of local boats are allowed by the U.S. Western Pacific Fisheries Management Council to fish in American Samoa waters, and every license is used, but the licenses are underutilized because the local longliners are not as large as they could be.
<b>Desired outcome</b>	Stretch local longliners at local shipyard, creating temporary and long-term jobs.
<b>Project</b>	Provide funds to Development Bank to loan out for this initiative. Have boat owners repay the borrowed funds to DBAS.
<b>Cost</b>	TBD
<b>Lead organization</b>	DBAS
<b>Other organizations</b>	TBD
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	36 months

<b>1g. Develop or designate dock for longliners and alias</b>	
<b>Problem</b>	Local longliners have no designated parking area in the harbor, unlike alias, sports fishing boats, etc. and are forced frequently to relocate.
<b>Desired outcome</b>	A stable home base for local fleet.
<b>Project</b>	TBD
<b>Cost</b>	
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1h. Reclaim land on East side of harbor</b>	
<b>Problem</b>	Insufficient space exists on east side of harbor to meet all the requirements of the tuna and fishing industry.
<b>Desired outcome</b>	Accommodate and separate tuna and fishing needs, including container storage, from other Port users.
<b>Project</b>	Reclaim land on dead fronting reef.
<b>Cost:</b>	\$5 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	Army Corps of Engineers
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration:</b>	36 months

## **2. Promote Visitor Industry Growth**

- a. Conduct ongoing tourism training
- b. Increase number of cruise ship calls
- c. Implement components of Tourism Plan
- d. Ease restrictions on short-term visitors from Samoa
- e. Rebuild cable car and make Mt Alava improvements
- f. Develop yacht moorings and conveniences
- g. Invest in 100-ton lift for Shipyard
- h. Construct Visitor Center
- i. Develop marina

<b>2a. Conduct ongoing tourism training</b>	
<b>Problem</b>	Lack of advanced skills in many aspects of hospitality industry holds back progress. Training is needed in customer service, guiding, marketing, commissionable sales, etc.
<b>Desired outcome</b>	A corps of visitor industry workers equipped with the skills needed to support and expand the territory's hospitality industry.
<b>Project</b>	Ongoing series of seminars and classes, taught by both local and off-island personnel, under the direction of the public-private ASVB.
<b>Cost</b>	\$200,000/year
<b>Lead organization</b>	AS Visitors Bureau
<b>Other organizations</b>	DHR Workforce Investment
<b>Funding source</b>	DHR Workforce Investment, USED A
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2b. Increase number of cruise ship calls</b>	
	Although the number of cruise ship calls has increased significantly in the past few years (from less than 10/year to more than 20/year), the calls are based primarily on round-

<b>Problem</b>	the-world cruises and not repeating regional cruises.
<b>Desired outcome</b>	Regular cruise ship calls based on regional cruises. Work with cruise ship lines such as Carnival (which has recently added an Operations HQ in Sydney) to develop regular itineraries that include American Samoa, including new ports of call in the American Samoa island chain.
<b>Project</b>	AS Visitors Bureau (a public-private partnership) will continue to work with cruise operators to make Pago Pago a regular, recurring port of call, and to add more American Samoa ports of call.
<b>Cost</b>	TBD
<b>Lead organization</b>	ASVB
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>2c. Implement components of Tourism Master Plan</b>	
<b>Problem</b>	Too much to do, not enough time and resources.
<b>Desired outcome</b>	Implementation of key elements of Tourism Master Plan, including infrastructure, capacity building, and marketing.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>2d. Ease restrictions on short-term visitors from Samoa</b>	
<b>Problem</b>	Samoa citizens wishing to visit the territory are faced with logistical hurdles that result in fewer visits and shopping trips than would otherwise be the case.
<b>Desired outcome</b>	More visitors from Samoa travelling to American Samoa for shopping and other reasons.
<b>Project</b>	Revise Immigration rules and procedures, balancing protection of borders with welcoming for bona fide short-term visitors
<b>Cost</b>	\$0
<b>Lead organization</b>	Attorney General
<b>Other organizations</b>	AS Visitors Bureau
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	6 months

<b>2e. Rebuild cable car and make Mt. Alava improvements</b>	
	Pago Pago Harbor's world famous cable car, which was the

<b>Problem</b>	exciting iconic symbol of American Samoa's early tourism industry, was decommissioned several years ago.
<b>Desired outcome</b>	Fabulous gateway to the National Park of American Samoa. Cable car outings that are the highlight of every cruise ship call.
<b>Project</b>	As part of a public-private partnership, rebuild the cable car and the stations at the top and bottom to serve tourists and those wishing to learn about and visit the National Park.
<b>Cost</b>	\$10 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	AS Visitors Bureau, National Park
<b>Funding source</b>	USEDA, National Park, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	36 months

<b>2f. Develop yacht moorings and conveniences</b>	
<b>Problem</b>	Cruising yachts avoid Pago Pago or stay only a short time in Pago Pago Harbor due to a lack of safe moorings and on-shore conveniences.
<b>Desired outcome</b>	Increased number of yacht visits and increased length of stay.
<b>Project</b>	Create safe and secure mooring stations at the end of the harbor. At a designated onshore spot, encourage private development of a convenience center for yachters (bathrooms and showers and laundromat) that can be further developed to include tourism features (e.g., restaurants). Designate a dock where a few boats can tie up for one or two days for loading, unloading and quick repairs.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	ASVB
<b>Funding source</b>	USEDA, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>2g. Invest in 100-ton lift for shipyard</b>	
<b>Problem</b>	American Samoa has no facilities for smaller boats to haul out economically and no fiberglass repair capabilities at shipyard.
<b>Desired outcome</b>	Shipyard capability to haul out and work on fiberglass-hulled boats at a competitive price.
<b>Project</b>	Purchase and installation of a 100-ton lift for the shipyard, as well as developing the skills to work on fiberglass-hulled boats and cruising yachts.
<b>Cost</b>	\$1 million
<b>Lead organization</b>	TBD
<b>Other organizations</b>	Shipyard

<b>Funding source</b>	USEDA, Shipyard
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2h. Construct visitor center</b>	
<b>Problem</b>	American Samoa lacks an attractive facility for visitors to obtain information about their options in the territory; such a center is expected and relied upon by visitors.
<b>Desired outcome</b>	Suitably located and suitably impressive visitors center to assist tourists.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>2i. Develop Marina</b>	
<b>Problem</b>	American Samoa lacks a marina for ocean-traversing pleasure boats, and thus misses out on a market that spends money and increases exposure.
<b>Desired outcome</b>	An inviting marina that will increase the number and duration of visits by pleasure boats.
<b>Project</b>	Construct a 20-slip marina in Pago Pago Harbor
<b>Cost</b>	\$3 million
<b>Lead organization</b>	Public/Private partnership
<b>Other organizations</b>	(many)
<b>Funding source</b>	USEDA, public/private partnership
<b>Start year</b>	2014
<b>Duration</b>	24 months

### 3. Increase Viability of the eCommerce Sector

- a. Reduce or subsidize Bandwidth costs
- b. Form eCommerce Task Force to attract operators/investors
- c. Leverage opportunities provided by BLAST project

<b>3a. Reduce or subsidize bandwidth costs</b>	
<b>Problem</b>	Bandwidth costs in American Samoa are the highest in the U.S. These costs make development of eCommerce (or any use of significant bandwidth or connectivity speeds) cost-prohibitive.
<b>Desired outcome</b>	Reduction in bandwidth costs to a level that keeps American Samoa competitive.
<b>Project</b>	Subsidy of bandwidth for businesses engaged in eCommerce or significant productivity enhancement.
<b>Cost</b>	Variable

<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	TBD
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration</b>	Ongoing

<b>3b. Form eCommerce Task Force to attract operators/investors</b>	
<b>Problem</b>	Although most of the constituent components of an Internet-enabled back-office eCommerce operation exist in American Samoa, no operator has yet been willing to proceed with a business start-up here.
<b>Desired outcome</b>	Commitment of investor to begin an eCommerce business in American Samoa.
<b>Project</b>	Creation of a task force to identify “what it will take” to persuade a potential operator to commit to American Samoa (e.g., bandwidth subsidy, tax incentive, subsidized on-the-job training), and to “make it so” if the deal is considered beneficial to the territory.
<b>Cost</b>	\$0
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	DHR/Workforce
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	24 months

<b>3c. Leverage opportunities provided by BLAST project</b>	
<b>Problem</b>	As the BLAST project gets built out in 2013 and 2014 with fiber-to-the-premises and VLAN capabilities, no action plans are in place to use this new capability to make economic development progress.
<b>Desired outcome</b>	New economic development activities that make use of the new capabilities provided by BLAST project, such as home-based or centralized eCommerce workplaces.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

#### 4. Increase Desirable Import Substitution

- a. Provide occasional equipment services to farmers (e.g., tillers, bobcat)
- b. Subsidize feed and fertilizer
- c. Assist Manu’a fishing coop
- d. Assist Manu’a farming coop
- e. Develop roads to agricultural lands

- f. Develop west side market for fishermen and farmers.
- g. Increase scholarship opportunities for high school students
- h. Replace imported labor with local labor

<b>4a. Provide occasional equipment services to farmers (e.g., tillers, bobcat)</b>	
<b>Problem</b>	Most farms in American Samoa are too small to justify purchase of expensive equipment that is only needed on an occasional basis. However occasional use of such equipment can provide a big productivity boost to local farmers.
<b>Desired outcome</b>	Increased local production of produce due to an expanded number of acres under highly productive cultivation.
<b>Project</b>	Department of Agriculture to obtain the kind of equipment (e.g., tillers, bobcat) that farmers occasionally need, and then charge an affordable fee for the use of that equipment to farmers involved in DOA programs.
<b>Cost</b>	\$150,000
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	Land Grant
<b>Funding source</b>	USEDA, USDA, TBD
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>4b. Subsidize feed and fertilizer</b>	
<b>Problem</b>	Animal feed and plant fertilizer are so expensive that American Samoa farmers produce less meat, eggs and produce because they can't afford the level of feed and fertilizer that would maximize their production.
<b>Desired outcome</b>	Increases in number of farmers, farms, and production.
<b>Project</b>	Fund animal feed and plant fertilizer brought in by Department of Agriculture (or a private partner, under a public/private partnership).
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	TBD
<b>Funding source</b>	Local funds
<b>Start year</b>	TBD
<b>Duration</b>	Ongoing

<b>4c. Assist Manu'a fishing coop</b>	
<b>Problem</b>	Expansion of the fishing industry in the Manu'a Islands will not take place until several hurdles are overcome, including access to fuel, ice and advanced fishing and fish-handling techniques. Plus, transportation, distribution, marketing, and handling of payments.
<b>Desired outcome</b>	Increased livelihoods for Manu'a fishermen.
	Assist ongoing efforts to create a coop for Manu'a

<b>Project</b>	fishermen.
<b>Cost</b>	\$0
<b>Lead organization</b>	DMWR
<b>Other organizations</b>	TBD
<b>Funding source</b>	Western Pacific Fisheries Management Council
<b>Start year</b>	2012
<b>Duration</b>	3 years

<b>4d. Assist Manu'a farming coop</b>	
<b>Problem</b>	Manu'a farmers have the same hurdles as Tutuila farmers to overcome, plus remote location (less access to all kinds of resources), transportation, distribution, marketing, and handling of payments.
<b>Desired outcome</b>	More Manu'a families earning more money from farming activities that provide food for local consumption or export.
<b>Project</b>	Newly formed coop seeks funding for a comprehensive farm-to-table project.
<b>Cost</b>	\$70,000
<b>Lead organization</b>	Development Bank of American Samoa
<b>Other organizations</b>	Department of Agriculture
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>4e. Develop roads to agricultural lands</b>	
<b>Problem</b>	Potential agricultural land is unutilized due to a lack of road access.
<b>Desired outcome</b>	Increased local production of produce due to an expanded number of acres under cultivation.
<b>Project</b>	Identify areas where agricultural production would expand if there were better access for vehicles.
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Agriculture
<b>Other organizations</b>	Department of Public Works, Samoan Affairs
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>4f. Develop west side market for fishermen and farmers</b>	
<b>Problem</b>	Newly developed Fagatogo marketplace is too far away from population centers, and has insufficient parking.
<b>Desired outcome</b>	Additional market outlet for local farmers and fishermen, located near residential population centers and other retail shopping.
<b>Project</b>	Create a public/private partnership to develop a produce and fish market on the west side of the island.
<b>Cost</b>	\$500,000

<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Department of Agriculture
<b>Funding source</b>	USEDA
<b>Start year</b>	2014
<b>Duration</b>	24 months

<b>4g. Replace imported labor with local labor</b>	
<b>Problem</b>	Jobs in American Samoa are being filled with foreign nationals even as high unemployment of American Samoans persists, due to an imbalance between supply and demand at prevailing wages.
<b>Desired outcome</b>	American Samoans in full employment.
<b>Project</b>	Analyze unemployment and hiring patterns in order to devise strategy.
<b>Cost</b>	\$0
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Department of Human Resources, Immigration Office
<b>Funding source</b>	TBD
<b>Start year</b>	2013
<b>Duration</b>	18 months

**5. Increase access to capital and help start-ups**

- a. Provide additional capital to Development Bank
- b. Develop incubator facility with commercial kitchen for fledgling enterprises

<b>5a. Provide additional capital to American Samoa Development Bank</b>	
<b>Problem</b>	Unlike commercial banks, the Development Bank's charter encourages lending to new business ventures. There will be greater demand for such lending as economic development becomes a higher priority and greater necessity in American Samoa, yet DBAS funds and other sources of seed capital are limited, and the limited funds available are not always used in a manner that directly supports established economic development priorities.
<b>Desired outcome</b>	Expanded borrowing options for local businesses that are engaged in export, import substitution or tourism economic activities.
<b>Project</b>	Provide funds to the Development Bank to be used for local businesses that are engaged in export, import substitution or tourism economic activities consistent with CEDS goals. Repayment would be made to the Development Bank and used for similar lending in later years.
<b>Cost</b>	\$1 million/year
<b>Lead organization</b>	Development Bank of American Samoa
<b>Other organizations</b>	Economic development agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013

<b>Duration</b>	Five years
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<b>5b. Develop incubator facility with commercial kitchen for fledgling enterprises</b>	
<b>Problem</b>	As in many other locales, many locals with an entrepreneurial spirit have the will but lack the logistical means to start a business. Moreover, American Samoa has very few options for appropriate commercial real estate for such start-ups and the start-ups also often lack the complete suite of business skills to get their idea off the ground. Development of an Incubator Facility will provide a place and a supportive environment for start-ups. By including a time-shared commercial kitchen, food-oriented start-ups will have a chance to launch without making an unaffordable initial commitment to equipment.
<b>Desired outcome</b>	An opportunity for fledgling entrepreneurs to start up their businesses, take root, and expand into conventional commercial spaces after proving their business model and receiving training and assistance to increase the likelihood of sustainability.
<b>Project</b>	Provide funds to a public/private partnership to develop an Incubator Facility in an existing or new building to house start-up companies, provide training and business services support, and to offer commercial kitchen facilities on a time-shared basis for food-oriented enterprises.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Economic Development agency
<b>Other organizations</b>	SBDC
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Five years

## II. Business Constraints

### 4. Federal Government Constraints

- a. Resolve the US minimum wage issue in American Samoa
- b. Resolve US Corporate tax incentive policies toward American Samoa
- c. Seek formal American Samoa voice in US trade and other key policy areas
- d. Remove prohibition against foreign air carrier service between US and American Samoa
- e. Retain American Samoa Government control of immigration system
- f. Seek US political status goals and policy principles for American Samoa
- g. Seek a general federal policy for the territories
- h. Seek federal-territorial economic reforms through possible establishment of a formal political status for American Samoa
- i. Seek permanent political status for economic stability
- j. Seek avenues for modifying federal environmental laws and regulations applicable to American Samoa

<b>1a. Resolve the US minimum wage issue in American Samoa</b>	
<b>Problem</b>	The American Samoa minimum wage issue remains unresolved. Fortunately, Congress has deferred it twice for two year periods. It has been studied for five years by ASG, GAO, and the US Department of Labor. Its disastrous effects on American Samoa's economy have been confirmed.
<b>Desired outcome</b>	Work with DOI and DOL to design an acceptable solution to take to Congress.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1b. Resolve US Corporate tax incentive policies toward American Samoa</b>	
<b>Problem</b>	US corporate tax incentives pertaining to American Samoa have not been resolved but been continued to be renewed on an ad hoc basis.
<b>Desired outcome</b>	Work with DOI and IRS to make American Samoa's 30A tax exemptions permanent by bringing an acceptable proposal to Congress.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1c. Seek formal American Samoa voice in US trade and other key policy areas</b>	
<b>Problem</b>	American Samoa and other territories have no formal access to US international trade policy formulation or negotiations. This has had very serious economic effects on the economies of several territories, including American Samoa.
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD

<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1d. Remove prohibition against foreign air carrier service between US and American Samoa</b>	
<b>Problem</b>	American Samoa's air transport service to and from the US is severely restricted by US cabotage laws that prohibit foreign carriers from transporting passengers between American Samoa and other parts of the US.
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1e. Retain American Samoa Government control of immigration system</b>	
<b>Problem</b>	Local control of immigration is an important advantage to American Samoa especially in view of its limited labor force skill range and the need to bring in skilled workers and management for many industries. American Samoa may be only one serious controversy away from becoming a target for immigration federalization.
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1f. Seek US establishment of political status goals and policy principles for American Samoa</b>	
<b>Problem</b>	The US has no political status goal for its unincorporated territories, and therefore no policy-guiding principle to avoid the economic disasters that have befallen American Samoa.
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD

<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1g. Seek a general federal policy for the territories</b>	
<b>Problem</b>	A federal policy on the territories would include not just economic development. It would also include education, health care, the environment, political status and other policy areas affecting economic development. American Samoa's unincorporated and unorganized status, small size, remoteness and other unique qualities call for special consideration. The current federal suit regarding citizenship for American Samoan-born persons) could lead to many changes. They include federalization of immigration, border control, taxation, customs and more comprehensive application of the U.S. Constitution which could potentially affect land and titles law, as well as economic development.
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1h. Seek federal-territorial economic reforms</b>	
<b>Problem</b>	
<b>Desired outcome</b>	Greater ability to chart an appropriate course for American Samoa, and not to be disadvantaged or dragged along/under by Federal tides and currents.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1i. Seek permanent political status for economic stability</b>	
<b>Problem</b>	American Samoa is at the mercy of Congress's absolute Constitutional authority over US territories without a congressionally approved formal political status. There is no political status quo for American Samoa. American Samoa's political status is what the US Congress says it is whenever it passes a law that applies to American Samoa.
<b>Desired outcome</b>	American Samoa would protect its future economic development potential from the witting or unwitting actions of Congress that could devastate American Samoa's economy.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1j. Seek modifications of federal environmental laws and regulations unsuited to American Samoa</b>	
<b>Problem</b>	
<b>Desired outcome</b>	
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

## **2. Improve Territorial business climate**

- a. Create an office dedicated exclusively to economic development
- b. Revise immigration law, policy and procedures to better accommodate business labor requirements
- c. Revise tax laws to reduce uncompetitive high tax rates
- d. Strengthen higher education to encourage technological advancement
- e. Revise tax incentive law, policies and procedures to increase desirable business outcomes
- f. Help businesses find suitable land to meet their requirements
- g. Revise incorporation laws to make them more convenient and flexible
- h. Revise business license law and procedures to ease burden on business
- i. Explore privatization of government functions/authorities

- j. Elevate Chamber of Commerce role as an economic development partner
- k. Consider reconstituting Governor’s Economic Advisory Council
- l. Improve local health care facilities and services
- m. Improve education and job readiness
- n. Increase scholarship opportunities for high school students

<b>2a. Create an office dedicated exclusively to economic development</b>	
<b>Problem</b>	Economic Development is so vital and challenging that it requires a dedicated focus and staff.
<b>Desired outcome</b>	An office with the focus, resources and influence to make significant progress in implementing the CEDS and positively influencing investment decisions.
<b>Project</b>	Using the authority of Title 11, Chapter 19, create an Economic Development Authority and staff it with the necessary staff (e.g., research, analysis, planning, coordinating, promoting, interacting, expediting, monitoring, etc.).
<b>Cost</b>	\$250,000 annually
<b>Lead organization</b>	Governor’s Office
<b>Other organizations</b>	Department of Commerce
<b>Funding source</b>	Reprogramming, additional funds (USEDA)
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2b. Revise immigration law, policy and procedures to better accommodate business labor requirements</b>	
<b>Problem</b>	Immigration law and procedures are so complicated, time-consuming and unclear that legitimate businesses are handicapped in operations and dissuaded from undertaking activities for which non-local labor will be necessary. It neglects the needs of prospective investors. Also, the influx of non-locals with low wage expectations creates a low-wage economy that results in exodus of both skilled and unskilled American Samoa workers.
<b>Desired outcome</b>	New immigration law and procedures could make it relatively straightforward for companies to hire workers in a timely manner, and for investors to feel confident about their personal situation and that of their investment.
<b>Project</b>	Study issue and prepare legislation
<b>Cost</b>	\$10,000
<b>Lead organization</b>	Attorney General’s Office
<b>Other organizations</b>	Economic Development agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2c. Revise tax laws to reduce uncompetitive business tax rates</b>
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<b>Problem</b>	American Samoa's corporate tax rates are higher than those in the USA and other economies with which it competes for investment. This is especially true for foreign corporations, which can be liable for payment of an additional tax of 30 percent of the income received from sources within the United States.
<b>Desired outcome</b>	Reduction in tax rate without affecting government revenues.
<b>Project</b>	Study issue and prepare legislation.
<b>Cost</b>	\$10,000
<b>Lead organization</b>	Department of Treasury
<b>Other organizations</b>	Economic Development Agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2d. Strengthen higher education to encourage technological advancement</b>	
<b>Problem</b>	
<b>Desired outcome</b>	
<b>Project</b>	
<b>Cost</b>	
<b>Lead organization</b>	
<b>Other organizations</b>	
<b>Funding source</b>	
<b>Start year</b>	
<b>Duration</b>	

<b>2e. Revise tax incentive law, policies and procedures to increase desirable business/ investment outcomes</b>	
<b>Problem</b>	The existing tax exemption/incentive law is regarded by many as arbitrary and uncertain, and its significance is thus discounted or unknown by potential investors. Also, the effectiveness of the tax exemptions that are granted is not adequately monitored. Clear tax exemption guidelines
<b>Desired outcome</b>	must be applied in a consistent manner to produce desired outcomes, as established in law.
<b>Project</b>	Revise tax incentive/exemption laws and procedures to create predictable outcomes for tax incentive applicants, and to incentivize desired outcomes.
<b>Cost</b>	\$25,000
<b>Lead organization</b>	Tax Office
<b>Other organizations</b>	Economic development agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2f. Help businesses find suitable land to meet their requirements</b>
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<b>Problem</b>	Suitable land for long-term commercial leases is in short supply, and the private sector has difficulty learning about the options for government land, much of which is being underutilized. The purchase of land for commercial purposes is rarely an option, due to American Samoa's land laws.
<b>Desired outcome</b>	The economic development agency should have the capability to help businesspeople learn which government lands are available, and understand their options concerning private land. Scarce public lands suitable for commercial use should be carefully and transparently managed with priority given to export or import substitution activities.
<b>Project</b>	Create a database of government land as well as policies governing their use and availability. Maintain a less formal registry of private lands available for commercial lease.
<b>Cost</b>	\$15,000
<b>Lead organization</b>	Economic development agency
<b>Other organizations</b>	Attorney General, Territorial Registrar
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>2g. Revise incorporation laws to make them more convenient and flexible</b>	
<b>Problem</b>	Existing law does not allow Limited Liability Corporations or Limited Liability Partnerships, which are very common and often preferred forms of corporate structure. Also, the time required to obtain corporate registration is considered a problem by prospective investors, who are also uncertain of the outcome of their applications.
<b>Desired outcome</b>	Revision of corporate law to allow LLC and LLPs, and simple online corporate registration consistent with minimum requirements necessary to accomplish government needs.
<b>Project</b>	Revise laws and procedures. Create online capability.
<b>Cost</b>	\$40,000
<b>Lead organization</b>	Attorney General's Office
<b>Other organizations</b>	Economic Development agency, Governor's Office
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2h. Revise business license law and procedures to ease burden on business</b>	
<b>Problem</b>	Existing business license procedures require a lot of time and effort and are a source of frustration and uncertainty.
<b>Desired outcome</b>	Revision of business license procedures and requirements to the minimum necessary to accomplish government needs. A joint private/public effort is already underway on this.

<b>Project</b>	Revise laws and procedures. Create online capability.
<b>Cost</b>	\$0
<b>Lead organization</b>	Department of Commerce
<b>Other organizations</b>	Attorney General, Governor's Office
<b>Funding source</b>	TBD
<b>Start year</b>	2012
<b>Duration</b>	Already started.

<b>2i. Explore privatization of government functions/authorities</b>	
<b>Problem</b>	The American Samoa Government performs many functions that could be performed by the private sector in a more cost-effective manner, freeing up government resources for other purposes and strengthening the private sector. Also, in some cases, the government's present involvement prevents private sector initiative that would otherwise arise to meet public demand.
<b>Desired outcome</b>	Transition some government functions and agencies from the public to private sector, with corresponding increases in tax revenues, efficiency, and improved service, while ensuring fair treatment of affected workers.
<b>Project</b>	Privatization tenders (outsourcing or sale) following study and deliberation.
<b>Cost</b>	\$40,000
<b>Lead organization</b>	Procurement Office
<b>Other organizations</b>	Attorney General, economic development agency
<b>Funding source</b>	USEDA, DOI (TA)
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2j. Elevate Chamber of Commerce role as an economic development partner</b>	
<b>Problem</b>	The likelihood of attracting investment is much higher if there is a meaningful role for the private sector in developing and implementing economic development policy. Potential investors are impressed by the
<b>Desired outcome</b>	public/private teamwork in American Samoa, and see that the teamwork has created an environment with meaningful benefits for investors.
<b>Project</b>	Strengthen the Chamber's capabilities and establish a formal consultative role with the government's economic development office.
<b>Cost</b>	\$75,000/year
<b>Lead organization</b>	Chamber of Commerce
<b>Other organizations</b>	Economic Development agency
<b>Funding source</b>	Half Coca, half government funding
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2k. Consider reconstituting Governor's Economic Advisory Council</b>	
<b>Problem</b>	The likelihood of attracting investment is much higher if there is a meaningful role for the private sector in developing and implementing economic development policy. Such an advisory council can provide a valuable sounding board for the public sector. It can also assist in alerting the government to economic development opportunities and constraints.
<b>Desired outcome</b>	Potential investors are impressed by the public/private teamwork in American Samoa, and see that the teamwork has created an environment with meaningful benefits for investors.
<b>Project</b>	If the Chamber of Commerce is not used as the mechanism for public/private teamwork, reconstitute the Governor's Economic Advisory Council and give the Council a meaningful role (e.g., participation in formal promotion efforts).
<b>Cost</b>	\$10,000/year
<b>Lead organization</b>	Governor's Office
<b>Other organizations</b>	GEAC, Economic Development Agency
<b>Funding source</b>	USEDA
<b>Start year</b>	2013
<b>Duration</b>	Ongoing

<b>2l. Improve local health education, facilities and services</b>	
<b>Problem</b>	American Samoa's resident population has very high incidence of diabetes, high blood pressure, heart disease, obesity and other NCDs (non-communicable diseases), while the local health care system struggles with low funding and associated service delivery issues. Adequate health care and education are an important need and can adversely affect the work force and the decisions of prospective investors.
<b>Desired outcome</b>	A healthy American Samoa workforce with ready access to good health care, resulting from reductions in NCDs and improvements to hospital, outpatient clinics and public health programs
<b>Project</b>	Various
<b>Cost</b>	TBD
<b>Lead organization</b>	Public Health, LBJ
<b>Other organizations</b>	NGOs
<b>Funding source</b>	TBD
<b>Start year</b>	Ongoing
<b>Duration</b>	Ongoing

<b>2m. Improve education and job readiness</b>	
	Test scores and anecdotal evidence indicate that students in

<b>Problem</b>	American Samoa lag behind national achievement norms in basic academic preparation, thus limiting their future options and limiting their readiness to fill the kind of higher level jobs needed to increase productivity and economic development in American Samoa. Education must be improved for American Samoa's youth and its economy.
<b>Desired outcome</b>	School leavers better able to compete in the local and off-island arena of higher education and employment.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	DOE, ASCC
<b>Other organizations</b>	Various
<b>Funding source</b>	TBD
<b>Start year</b>	Ongoing
<b>Duration</b>	Ongoing

<b>2n. Increase scholarship opportunities for high school students</b>	
<b>Problem</b>	Local students are sometimes unable to take advantage of athletic scholarships due to low SAT test scores. Local students are also sometimes unable to enlist in U.S. military due to ASVAB test scores that fall below US military standards. Scholarships must be increased for those who are prepared for higher education.
<b>Desired outcome</b>	More students getting higher education at lower cost to local families. More youth able to enlist in the military and gain employment, skills and veteran benefits (upon retirement).
<b>Project</b>	Support ongoing efforts.
<b>Cost</b>	\$0
<b>Lead organization</b>	Department of Education
<b>Other organizations</b>	PICED, private academies
<b>Funding source</b>	TBD
<b>Start year</b>	Ongoing
<b>Duration</b>	Ongoing

### III. Business Infrastructure

#### 1. Fisheries Industry Infrastructure

- a. Develop or designate a dock for longliners and alias
- b. Invest in seawall rebuilding to protect fish processing facilities
- c. Invest in cold storage facilities

<b>1a. Develop or designate dock for longliners and alias</b>	
<b>Problem</b>	Local longliners have no designated parking area in the harbor, unlike alias, sports fishing boats, etc. and are forced frequently to relocate.
<b>Desired outcome</b>	A stable home base for local fleet.

<b>Project</b>	TBD
<b>Cost</b>	
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>1b. Invest in seawall rebuilding to protect fish processing facilities</b>	
<b>Problem</b>	Repairs need to be made to the existing seawall that protects publicly owned reclaimed land leased to Tri-Marine.
<b>Desired outcome</b>	Fifty more years of protection for valuable reclaimed public land.
<b>Project</b>	Revetment work
<b>Cost</b>	\$5 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	Army Corps of Engineers (permit pending)
<b>Funding source</b>	USEDA, Tri-Marine, WesPac
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>1c. Invest in cold storage facilities</b>	
<b>Problem</b>	StarKist operations require improved cold storage capacity in the harbor area.
<b>Desired outcome</b>	
<b>Project</b>	
<b>Cost</b>	
<b>Lead organization</b>	
<b>Other organizations</b>	
<b>Funding source</b>	
<b>Start year</b>	
<b>Duration</b>	

## 2. Visitor Industry Infrastructure

- a. Rebuild Cable Car and make Mt Alava improvements
- b. Develop yacht moorings and conveniences
- c. Invest in 100-ton lift for Shipyard
- d. Construct visitors center
- e. Develop marina

<b>2a. Rebuild Cable Car and Make Mt. Alava Improvements</b>	
<b>Problem</b>	Pago Pago Harbor's world famous cable car, which was the exciting iconic symbol of American Samoa's early tourism industry, was decommissioned several years ago.
	Fabulous gateway to the National Park of American Samoa. Cable car outings that are the highlight of every cruise ship

<b>Desired outcome</b>	call.
<b>Project</b>	As part of a public-private partnership, rebuild the cable car and the stations at the top and bottom to serve tourists and those wishing to learn about and visit the National Park.
<b>Cost</b>	\$10 million
<b>Lead organization</b>	Department of Public Works
<b>Other organizations</b>	AS Visitors Bureau, National Park
<b>Funding source</b>	USEDA, National Park, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	36 months

<b>2b. Develop Yacht Moorings and Conveniences</b>	
<b>Problem</b>	Cruising yachts avoid Pago Pago or stay only a short time in Pago Pago Harbor due to a lack of safe moorings and on-shore conveniences.
<b>Desired outcome</b>	Increased number of yacht visits and increased length of stay.
<b>Project</b>	Create safe and secure mooring stations in the end of the harbor. At a designated onshore spot, encourage private development of a convenience center for yachters (bathrooms and showers and laundromat) that can be further developed to include tourism features (e.g., restaurants). Designate a dock where a few boats can tie up for one or two days for loading, unloading and quick repairs.
<b>Cost</b>	\$500,000
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	ASVB
<b>Funding source</b>	USEDA, public/private partnership
<b>Start year</b>	2013
<b>Duration</b>	18 months

<b>2c. Invest in 100-ton lift for Shipyard</b>	
<b>Problem</b>	American Samoa has no facilities for smaller boats to haul out economically and no fiberglass repair capabilities at shipyard.
<b>Desired outcome</b>	Shipyard capability to haul out and work on fiberglass-hulled boats at a competitive price.
<b>Project</b>	Purchase and installation of a 100-ton lift for the shipyard, as well as developing the skills to work on fiberglass-hulled boats and cruising yachts.
<b>Cost</b>	\$1 million
<b>Lead organization</b>	TBD
<b>Other organizations</b>	Shipyard
<b>Funding source</b>	USEDA, Shipyard
<b>Start year</b>	2013
<b>Duration</b>	12 months

<b>2d. Construct visitors center</b>	
<b>Problem</b>	American Samoa lacks an attractive facility for visitors to obtain information about their options in the territory; such a center is expected and relied upon by visitors.
<b>Desired outcome</b>	Suitably located and suitably impressive visitors center to assist tourists.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>2e. Develop marina</b>	
<b>Problem</b>	American Samoa lacks a marina for ocean-traversing pleasure boats, and thus misses out on a market that spends money and increases exposure.
<b>Desired outcome</b>	An inviting marina that will increase the number and duration of visits by pleasure boats.
<b>Project</b>	Construct a 20-slip marina in Pago Pago Harbor
<b>Cost</b>	\$3 million
<b>Lead organization</b>	Public/Private partnership
<b>Other organizations</b>	(many)
<b>Funding source</b>	USEDA, public/private partnership
<b>Start year</b>	2014
<b>Duration</b>	24 months

### **3. Improve internal and external transportation of people and goods**

- a. Implement high priority elements of the Airport Master Plan
- b. Implement Air Transport Study Recommendations (slated for 2013 completion)
- c. Maintain private aiga bus system

<b>3a. Implement high priority elements of the airport master plan</b>	
<b>Problem</b>	New Airport Master Plan cannot be fully implemented due to funding constraints.
<b>Desired outcome</b>	Full implementation of AMP, with associated benefits for air transport in American Samoa.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	Department of Port Administration
<b>Other organizations</b>	
<b>Funding source</b>	FAA, USED A
<b>Start year</b>	2013
<b>Duration</b>	Five years

<b>3b. Implement Air Transport Study Recommendations (slated for 2013 completion)</b>	
<b>Problem</b>	The scope of work for the ATS clearly lays out the challenges affecting air transport in American Samoa and the changes American Samoa hopes to make and see made.
<b>Desired outcome</b>	More frequent and less expensive air service for passengers and cargo.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD

<b>3c. Maintain private aiga bus system</b>	
<b>Problem</b>	A large percentage of the territory's working and job-seeking population depends on the aiga bus system, which receives no government subsidy.
<b>Desired outcome</b>	Safe, reliable, convenient, and affordable options for public transportation, providing viable options for students, job seekers and employees to get to and from work, school and home.
<b>Project</b>	TBD
<b>Cost</b>	TBD
<b>Lead organization</b>	TBD
<b>Other organizations</b>	TBD
<b>Funding source</b>	TBD
<b>Start year</b>	TBD
<b>Duration</b>	TBD